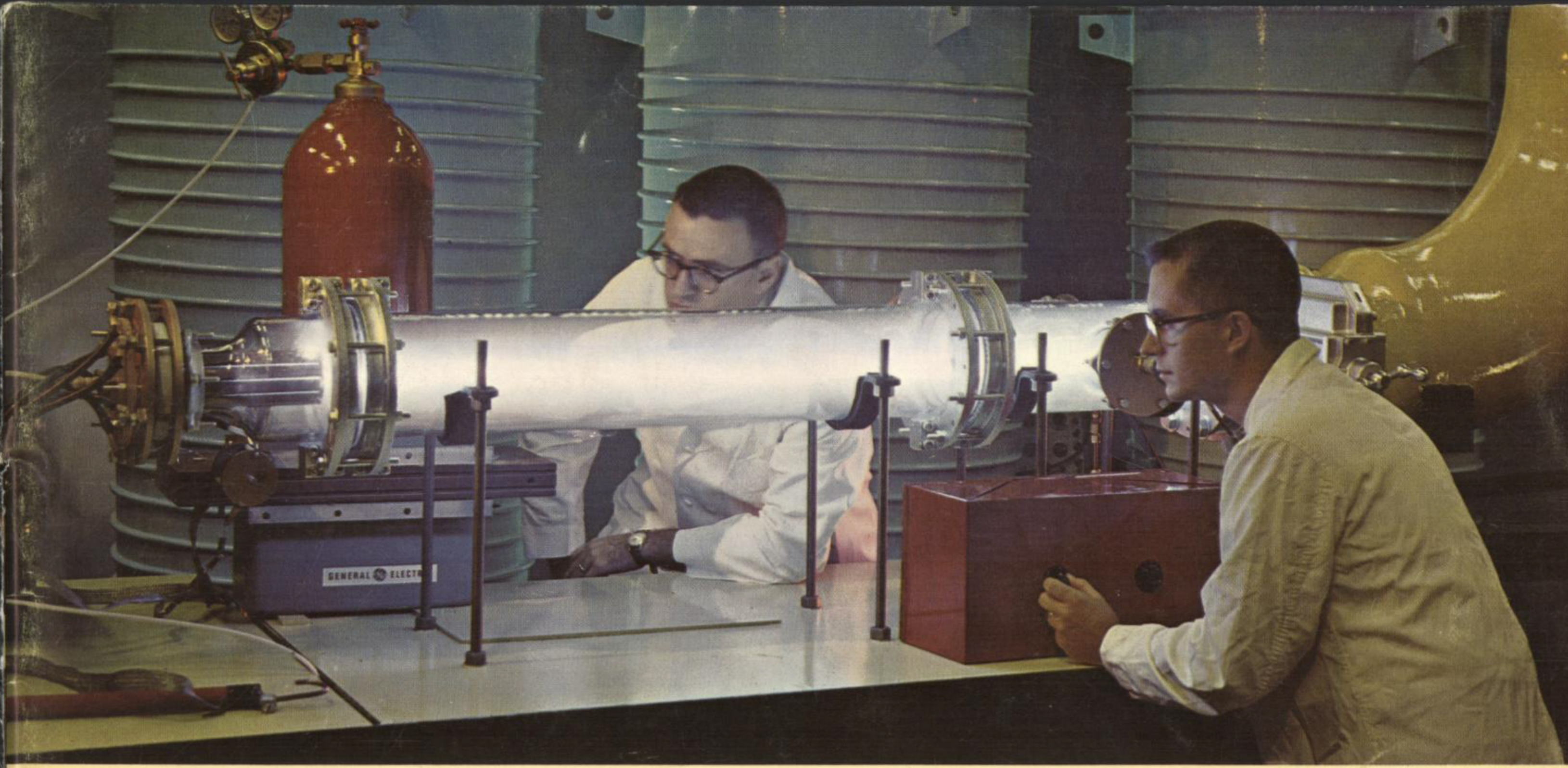

Space research exemplifies the building of "a new General Electric" in advanced technologies to supplement long-established businesses.

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CORPORATION FILE

GENERAL ELECTRIC

1960 ANNUAL REPORT

Electronic computers—another major area in which General Electric is rapidly developing new business.

GENERAL ELECTRIC

1960

THE FINANCIAL HIGHLIGHTS

IN MILLIONS	1960	1959	1958
Net sales billed	$4,197.5	$4,349.5	$4,120.8
Net earnings	200.1	280.2	242.9
Dividends declared	175.5	174.3	173.7
Federal and Canadian income taxes*	190.7	272.0	242.2
Expenditures for new plant and equipment	136.9	91.3	104.1
Depreciation of plant and equipment	116.0	119.9	124.5

PER SHARE

IN DOLLARS	1960	1959	1958
Net earnings	$2.26	$3.19	$2.78
Dividends declared and paid	2.00	2.00	2.00
Federal and Canadian income taxes*	2.15	3.09	2.77

*Includes renegotiation.

NOTE: In this report the terms "General Electric" and "Company" refer to the consolidated group of companies described in Notes to Financial Statements on page 28.

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FRONT COVER shows (top) research at the Space Sciences Laboratory in Philadelphia, Pa. Scientists are shown testing the propulsive force of ionized gas for possible use as a stabilizer for vehicles in outer space. Bottom: one of the electronic data-processing centers, using General Electric computers, which the Company is opening in major cities for business customers.

For General Electric, 1960 was a year of intensive efforts to:

- maintain a high level of customer acceptance despite unfavorable conditions in some major markets;
- adjust to new conditions imposed by resurgent foreign competition;
- increase the Company's business in rapidly growing new markets overseas;
- achieve greater competitive efficiency at all levels of the organization;
- strengthen the Company's capability in new, high-cost technologies that promise future growth in sales and earnings.

The $4.2 billion volume of sales by General Electric in 1960 was achieved despite severe downward pressures affecting substantial sectors of the electrical manufacturing industry. An especially important factor tending to depress the 1960 results was the lower level of prices which General Electric received for its products in several major areas of business. The index of General Electric prices (1947-49=100) on a Company-wide basis dropped from 135 in 1959 to 129 in 1960. This contributed to the 3% decline of 1960 sales from the 1959 volume.

Earnings were still more sharply affected. At $2.26 a share, net earnings were 29% below the record set in 1959.

These reduced price levels reflect the intensified competition accompanying a period of adjustment for the economy. Heightened competition by foreign producers, together with the electrical manufacturing industry's excess capacity and heavier inventories, have increased pressures for accepting substantial amounts of business at margins that do not permit either an adequate return on share owners' investments or adequate support for research and development. By augmenting the flow of innovations that create new demand and better values for

THE CHAIRMAN'S COMMENTS

customers, the industry can look forward to a general strengthening of price levels.

The strike called against the Company in October by the International Union of Electrical, Radio and Machine Workers (AFL-CIO) contributed to reduced fourth-quarter sales and earnings compared with the same period in 1959.

General Electric's 1959 Annual Report assured share owners that the Company would do all that was proper to make sure that employees would have no valid reason to strike in conjunction with the 1960 negotiations. Your management believes that this pledge was fulfilled. General Electric made a sound offer in the union negotiations, an offer appropriate to competitive conditions and the interests of customers, share owners, employees and others concerned. The offer was widely understood and accepted by employees who realize the importance of keeping their own jobs competitive against increasing competition at home and abroad.

With General Electric plants kept open for work during the strike, many employees continued to report for work in areas where work stoppages had been called by union officials. Their number increased as the strike continued. Thus it was apparent from the start that this was a strike on the part of national union officials and had limited employee support. The strike efforts were terminated after three weeks and agreement reached to accept the Company's pre-strike offer, which had already been accepted by a large number of employees and other unions.

For the long term, the new contracts can help strengthen the Company's capacity for competitive performance by providing a period in which to develop higher levels of employee cooperation and effectiveness. Management is emphasizing innovations in manufacturing and distribution methods, as well as in products, that will provide the values to extend the Company's leadership against foreign or domestic competitors.

Expenditures for research and development of new businesses were maintained at high levels, despite the short-term pressures of 1960. While General Electric has continued to invest heavily in the accelerated improvement of its present products and their related facilities, most of the added research and development expenditures have gone toward building the Company's momentum in the relatively new and more difficult technologies of great promise. These include atomic power plants and other new energy conversion processes, jet engines for commercial aircraft, stationary gas turbines for industry and utilities, industrial automation systems, general purpose and specialized computer systems, and space vehicles and related equipment.

As General Electric begins to realize returns from the great potential in the exciting new fields it has entered, the Company will be establishing "a new General Electric" extending well beyond its long-established business. There are important elements of strength on which to build:

- General Electric's resources of trained manpower, working within a decentralized organization designed to develop the most highly qualified people for professional leadership of important businesses, remain unexcelled in industry;
- Sound contracts with unions offer three further years of opportunity for peaceful progress and continuing good relationships with employees;
- The adequate capital structure of the Company provides the resources for operating managers who are pushing aggressively for further growth;
- Increased expenditures on facilities in 1960, and a planned further advance in these expenditures in 1961, with primary emphasis on facilities for new areas of technology and on reducing costs through improving manufacturing equipment, provide a productive capability that is both ample in scope and highly competitive in efficiency;
- The Company enters 1961 with an increased rate of incoming orders and a higher back-order position;
- The Company's building of worldwide markets is based on decades of experience in international business.

Discussion of the antitrust cases against General Electric and others in the electrical industry is presented on page 22.

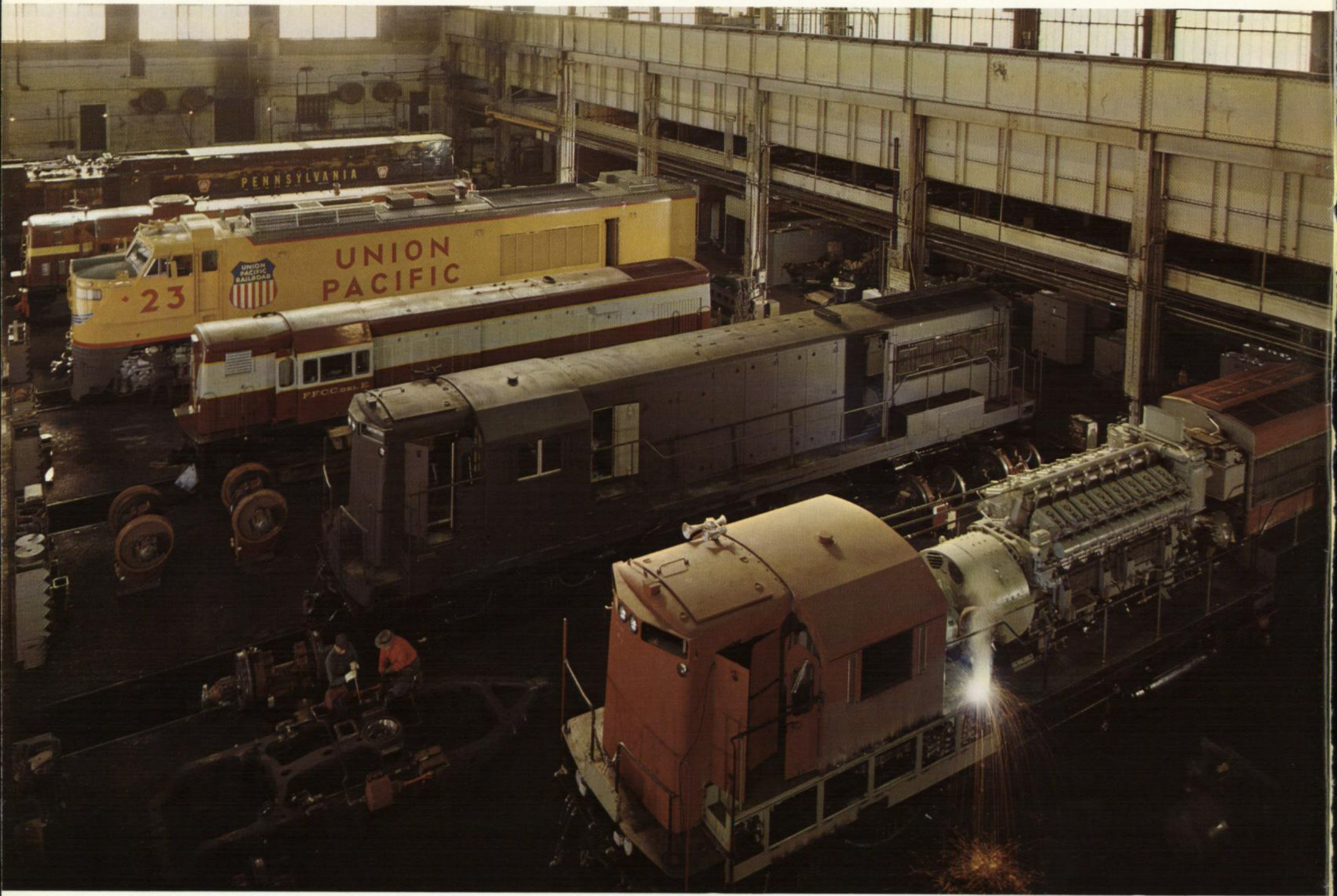
In 1961 your management will continue its efforts to minimize the adverse effects of a period of adjustment for the Company and the industry and to focus the Company's resources on those areas of advanced technology that offer the greatest future benefits for share owners and for all others who contribute to General Electric's progress. These, in turn, will be the new areas of growth for an expanding economy.

Respectfully submitted for the Board of Directors,

Ralph J. Cordiner

Chairman of the Board
February 17, 1961

SALES TOTAL $4.2 BILLION;



▲
NEW LOCOMOTIVES in production in facilities at Erie, Pa., include (foreground) two units of General Electric's newly developed U25B diesel-electric, designed to give the railroads a more powerful and more economical main-line freight locomotive. Also shown are export units (maroon), a gas-turbine locomotive (yellow), and an all-electric rectifier unit (at rear).

◀ **DRESDEN DEDICATION** in October 1960 placed in operation the world's largest all-nuclear power plant, developed by General Electric. The Company is currently offering advanced plants in sizes ranging to more than twice the size of this installation near Chicago.

BIG ELECTRIC MOTORS, located in the hubs of ▶ ore hauler operating in the Mesabi Range, make the 8-foot-high wheels individually powered. General Electric's motorized wheel offers simpler operation, greater safety and increased maneuverability in carrying big loads.

HEAVY CAPITAL GOODS ACCOUNT FOR 25% OF TOTAL

Net sales billed by General Electric during 1960 were $4,197,535,440, which was 3% below sales of $4,349,508,529 in 1959 and 2% above the $4,120,769,801 of sales billed in 1958.

As shown in the chart at right, the Company's total sales, including consolidated Canadian and export sales, result from products supplied to four main markets: (1) heavy capital goods, (2) industrial components and materials, (3) defense sales by defense product departments, and (4) consumer products. Analyses of sales in each of these four areas are presented on this and the following pages.

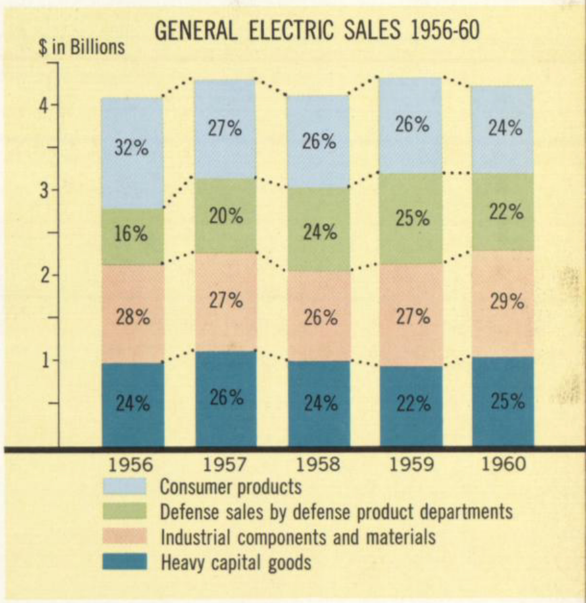
The Company's back-order position at the end of 1960 was up 9% over that for the preceding year's end. These back orders are made up mainly of heavy capital goods and defense products, since consumer goods and most industrial products are not usually ordered in advance. Incoming orders for the year were up nearly 10% over 1959 for products making up such back orders. Because of the length of time required to design, manufacture and ship these complex products, most of the increased orders will not be included in sales and earnings until later periods.

Heavy capital goods sales accounted for 25% of total 1960 sales. Such sales, strengthened by the inclusion of the Dresden atomic power plant, rose well above the 1959 level. This category includes products for two main markets: electrical generation, distribution and transmission equipment for utilities; and heavy goods for industry, including transportation equipment such as locomotives and commercial jet engines.

The business of supplying products for the utilities market is highly cyclical. In general, the decisions of customers to buy are made when rising demand for electric energy begins to overtake their reserves of installed generating capacity. With such reserves at a high level in 1960, this business continued on the downward side of its cycle. Ample capacity of the electrical manufacturing industry exerted downward pressures on prices during 1960 for most product lines. The generation of electricity by utilities, however, has on the average doubled every decade for the past 60 years, and requirements in the future seem likely to continue this trend.

Sales to industry were strengthened by increased expenditures by manufacturers on new plant and equipment. Innovations in power for transportation contributed to increased expenditures for General Electric products serving the transportation field. 1960 was a good year in supplying commercial gas turbines, both for aircraft and land uses, and for sales of locomotives, large motors and generators.

To facilitate more highly specialized selling efforts and new growth in these markets, General Electric developed two



marketing organizations in 1960 out of the former Apparatus Sales Division. These are the Electric Utility Sales Operation and the Industrial Sales Operation which, together with the Electric Utility Engineering Operation, represent a new approach to meeting the changing needs of utility customers.

To meet the challenge of intensified competition in the heavy capital goods area, as in other areas of the Company's business, General Electric is continuing a high level of expenditures in advanced technologies promising new and improved products.

(continued on page 4)

OUTDOOR LABORATORY for extra-high-voltage electrical transmission won world leadership for the U.S. in 1960 when General Electric, with the cooperation of 11 other companies, put 720,000 volts on this prototype line at Pittsfield, Mass. This experimental transmission is more than double the maximum voltage in use on regular power lines in America today.

Through its leadership in atomic development, as an example, General Electric has built an international business in atomic plants, research and test reactors, supply of nuclear fuels, and controls and instrumentation systems.

The 40 reactors which General Electric has built or has under way include:

- Dresden Station, world's largest all-nuclear plant—dedicated October 12.
- Humboldt Bay Station, Eureka, Calif.—scheduled for operation in 1962.
- Big Rock Point plant in Michigan—construction started in 1960.
- An experimental superheat reactor at the Company's Vallecitos Atomic Laboratory—being built in conjunction with New York State utilities.
- West Germany's first nuclear power station—successfully sustained its initial critical reaction late in 1960.
- Large plant for Italy—construction well under way at the end of 1960.
- Power demonstration plant for Japan Atomic Energy Research Institute—firm contract signed on August 30, 1960.

Energy conversion processes, promising direct conversion of heat or chemical energy into electricity, are under intensive study by General Electric, as discussed on the back cover.

Jet engines from General Electric are, as shown on these pages, supplying power to a wide variety of commercial planes, supplementing the Company's work on military aircraft engines.

The Company is also sharing in the growth of commercial jet transportation by supplying such products as auxiliary power generating equipment, instruments, and airport lighting systems.

Stationary gas turbines developed by General Electric represent the application of jet engine principles as a useful power source for industry and utility customers—particularly for low-cost standby electric power generation.

In 1960 the Company received its first orders for the new gas turbine package power plant. Assembled at the factory and shipped as completely integrated power plants, these low-cost packages are designed to operate as remote-controlled, unattended stations.

An additional 1960 order of significance was for a power station in which a gas turbine is integrated in a steam-turbine cycle as a means of increasing the plant's operating efficiency.

Other 1960 advanced developments include: the highest-rated mobile substation ever built, for bypassing permanent equipment being serviced or modernized; and an order for hydro-generator motor units for the nation's largest pumped storage hydro-electric station. During periods of low demand for electricity, these units will pump water up to the storage basins. When demand is heavy, they will act as hydro-generators—thus utilizing a relatively untapped source of power.

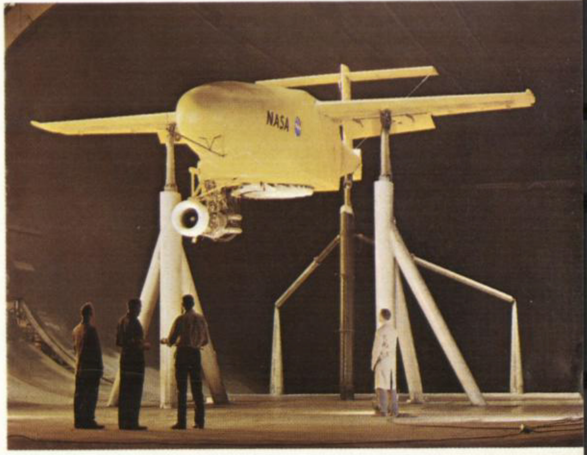
POWER FOR JET AIRCRAFT

JET PASSENGER LINERS are powered by General Electric jet engines. In addition to the Convair 880, fastest now in operation, the Company's jet engines provide power for the advanced new 990 jetliner (shown above). It will have greater speed than any other commercial aircraft.

RAPID TRANSIT SYSTEMS, as in Chicago, for which General Electric supplies motors, control and streetlighting, can handle up to 40,000 passengers per lane per hour, compared with 2,000 on automobile expressways. Such efficient transportation systems, combined with good streetlighting, are vital in keeping the nation's metropolitan centers from strangling in their own traffic lines.

TO DEMONSTRATE SUPERIOR PERFORMANCE provided by General Electric jet engines, French-designed Caravelle VII above is being equipped with CJ-805-23 units. This combination of plane and power plant promises to fill the need for an economic short- to medium-range jetliner.

TURBOCOPTER powered by General Electric's small but powerful CT-58 gas turbine air-ferries Los Angeles travelers. The engine gives the 'copter much higher speeds and greater payloads than its piston-driven counterpart. It also increases passenger comfort by reducing vibration and noise.



VERTICAL TAKE-OFF aircraft, represented above in wind tunnel test by National Aeronautics and Space Administration, uses research version of General Electric's Lift Fan system. Under development for the Army, this system promises eventual travel directly into city centers.

NEW DEVELOPMENTS HELP INDUSTRIAL COMPONENTS AND MATERIALS

Again in 1960, General Electric's sales of industrial components and materials, including industrial electronic equipment, showed a healthy increase over the prior year. Industrial components and materials sales amounted to about 29% of the Company's total 1960 volume.

The products included in this classification cover a very broad range, from microminiature electronic components and man-made diamonds to large computers and industrial automation equipment. A substantial portion of the Company's sales in this area is made up of electric motors and controls for such products as appliances, small tools and business machines.

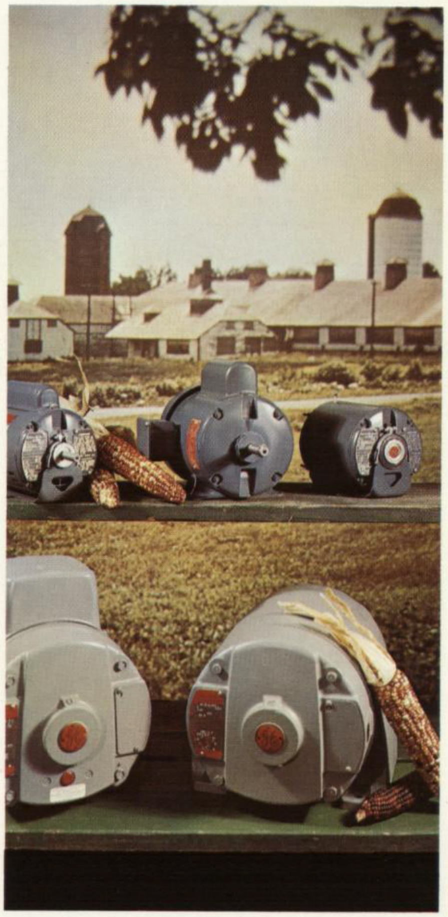
Electronics developments, especially in transistors and other semiconductors, contributed to the Company's growth in this area in 1960. The Company is among the leaders in developing and supplying these electronic components.

Two of the most important new developments since that of the transistor have been evolved through General Electric research: (1) the silicon controlled rectifier, whose rapidly increasing range of applications contributed to the establishment of a new Rectifier Components Department in 1960; and (2) the tunnel diode, brought to practicality by General Electric, whose unique high-frequency switching ability promises widespread usefulness in such applications as ultra-high-speed computers.

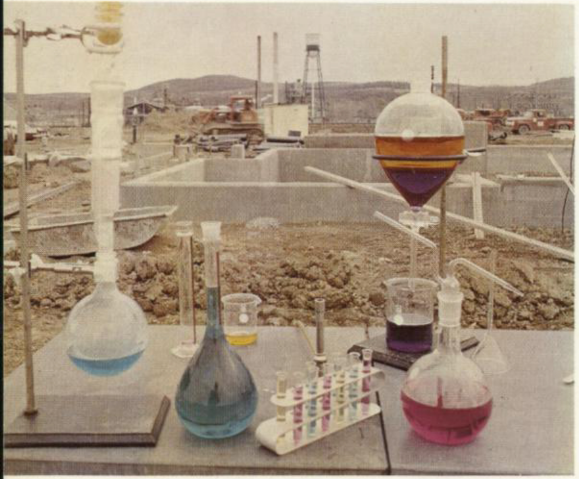
General Electric's semiconductor business is primarily in high quality components for industrial and defense applications. By developing large-volume manufacturing techniques, the Company is reducing the unit cost of high-reliability semiconductor components toward the point that will make them economically feasible for a vastly broadened range of applications in industry, in the home, in automobiles and other consumer products.

New tube developments are helping to keep this more established technology active and competitive alongside the growth in semiconductors. The Compactron, introduced in 1960, combines the functions of several tubes in a smaller, more reliable and more economical single device.

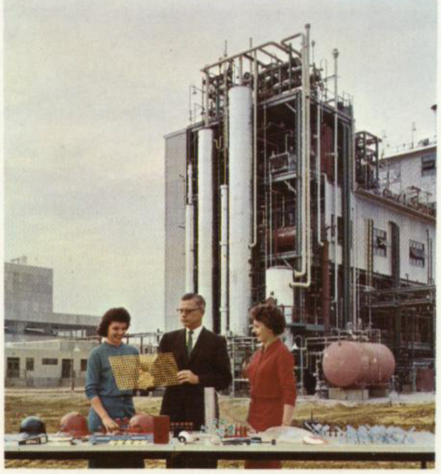
Microwave communications, already a growth business, received further stimulus late in 1960 with the announcement by the Federal Communications Commission that it is prepared to license previously restricted microwave frequencies to private business organizations. General Electric is a strong competitor in this business.



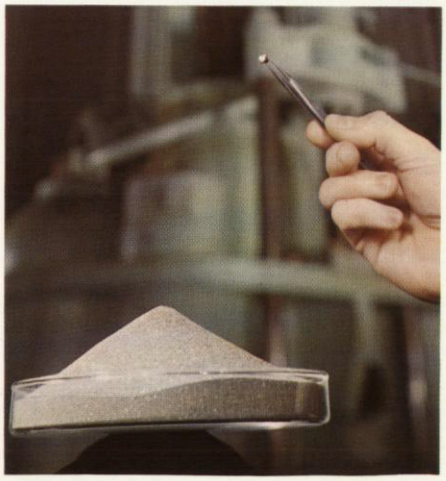
POWER FOR FARMING is provided by use of electric motors on many types of equipment. Both standard types and specially designed models meet farmers' needs.



GROWTH IN SILICONE CHEMICALS has necessitated a new two-year expansion program in Waterford, N. Y. Importance of research is shown by the fact that 40% of today's sales of silicones consist of products developed in the last 5 years.

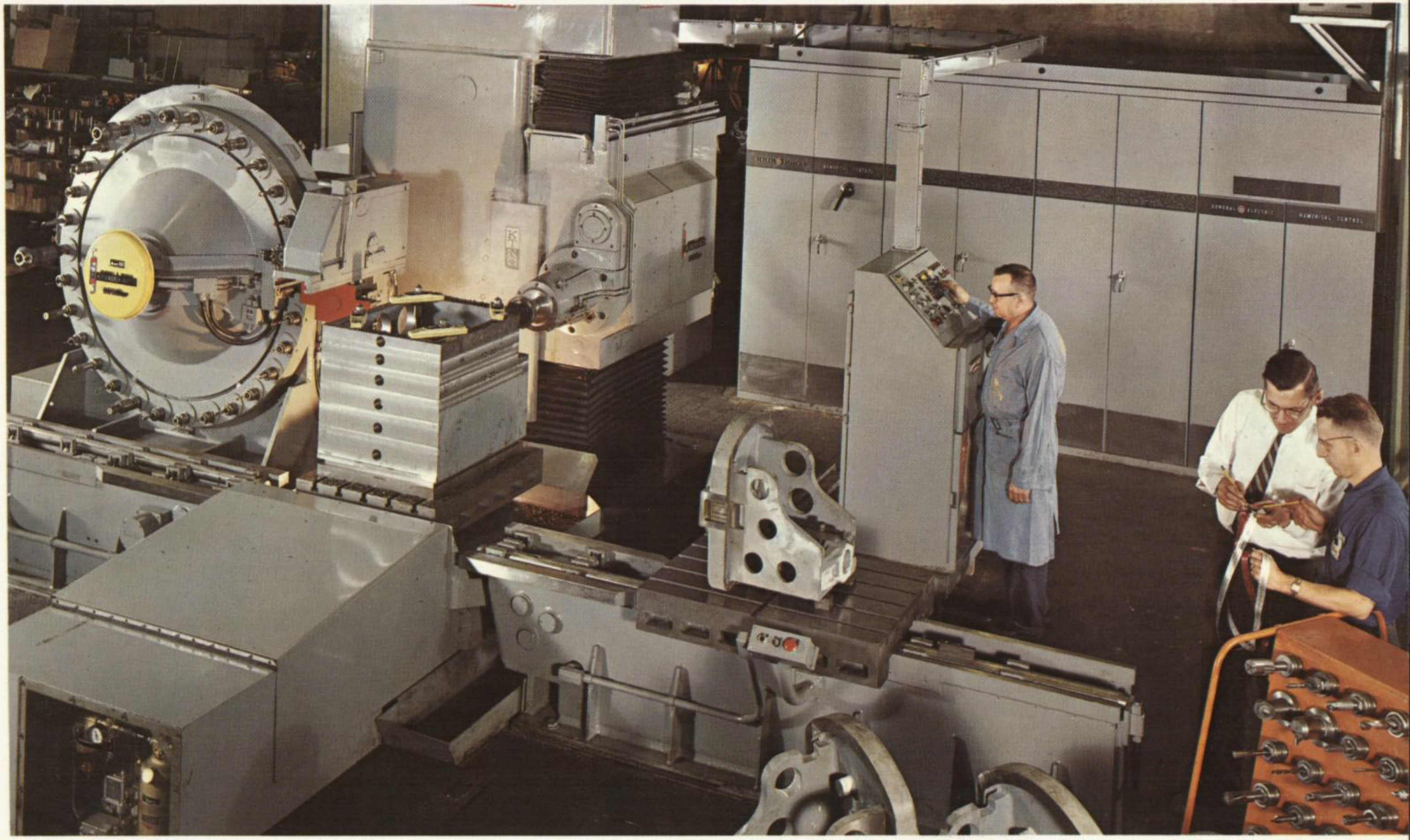


GROWTH IN LEXAN PLASTICS required these new facilities at Mount Vernon, Ind., in 1960. General Electric expects Lexan® plastic—which is tough enough to take the place of metals in many applications—to be in widespread demand in industry.



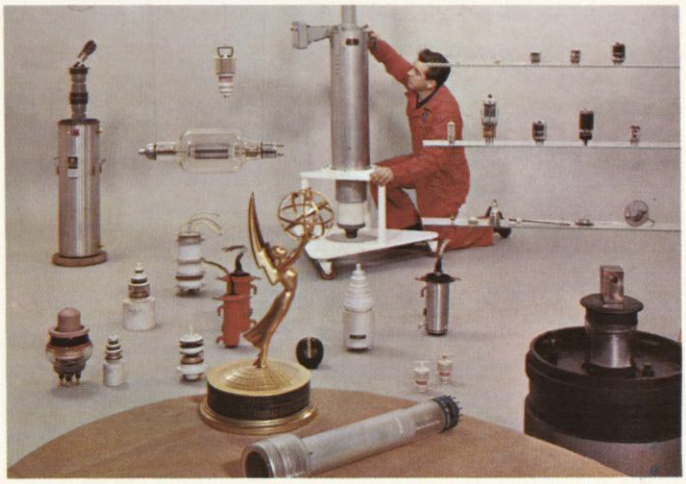
GROWTH IN MAN-MADE DIAMOND business for the industrial market includes marketing of a broad line of industrial diamonds, giving the free world an independent source of supply. In development: larger diamonds for industrial use.

BUSINESS ACCOUNT FOR 29% OF TOTAL SALES



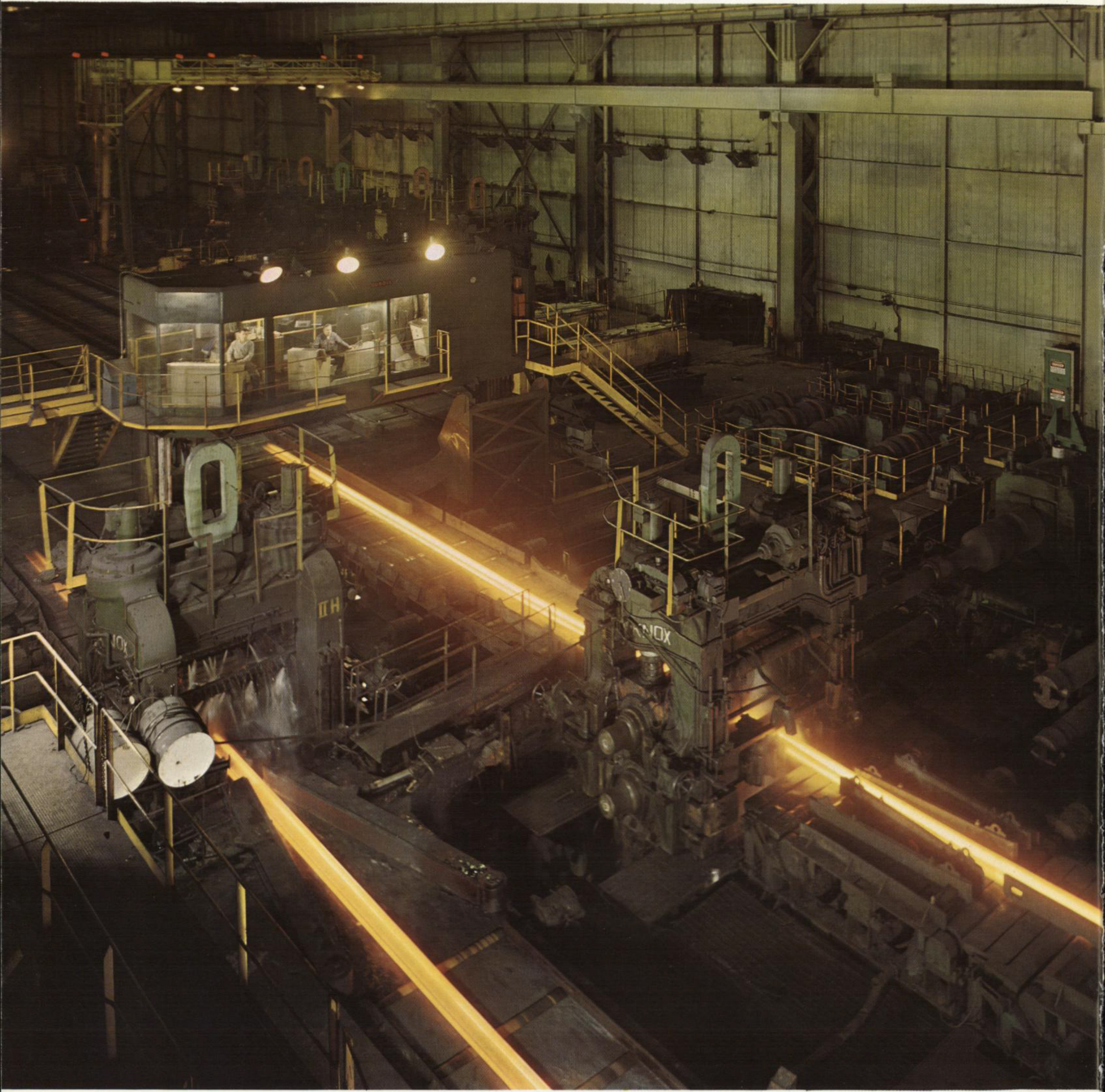
ELECTRONIC COMPONENTS FOR INDUSTRY from General Electric include controls for advanced machine tools. Guided by punched tapes, machine above can automatically select from wide range of different tools to perform a variety of metal-working operations. This "flexible automation" brings mass-production benefits to manufacturers of small, diverse product lots. At 1960 Machine Tool Exposition over one-third of the new numerically-controlled tools shown were equipped with Company's controls.

BIRTH OF A BUSINESS for General Electric was seen during 1960 when one of the Company's electronics innovations—the silicon controlled rectifier, shown in production above—led to the formation of a new Rectifier Components Department, located in Auburn, N. Y. This new department manufactures the varied types of rectifier products displayed in the foreground above.



ADVANCES IN VACUUM TUBE TECHNOLOGY by General Electric were recognized in 1960 by the Academy of Television Arts and Sciences with awarding of coveted "Emmy" for development of the "see-in-the-dark" television camera tube. Other vacuum tubes produced by General Electric range from tiny "TIMMS" ceramic circuits to metal-clad giants for radar.

FROM GENERAL ELECTRIC: PRODUCTS FOR THE FULL 'RING



STEEL MILL AUTOMATION represents one of the complex industrial processes for which General Electric is developing integrated systems, combining the Company's experience in big electrical drive equipment with knowledge of new electronics technologies. Precise control enables this plant to transform five-ton slabs of hot metal into structural beams within exacting tolerances.

OF AUTOMATION'

General Electric's 1960 sales of components and materials for industry were strengthened by record sales of industrial control and electronics equipment, reflecting industry's drive to overcome the cost-price squeeze on profits by increased productive efficiencies.

General Electric's approach to helping customers automate recognizes the desirability of—

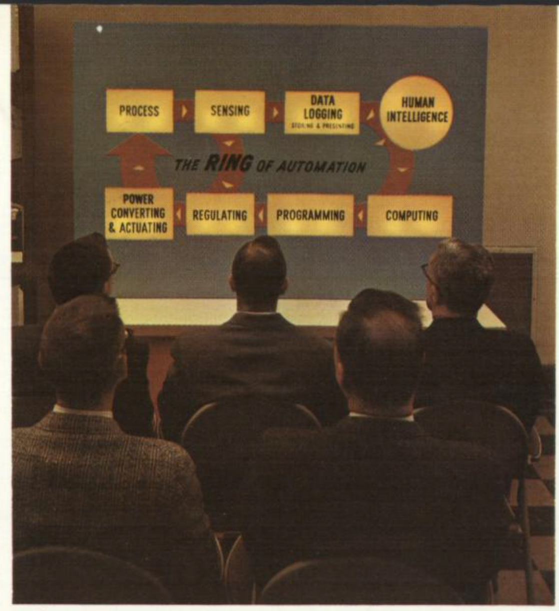
1. Supplying complete systems based on the "ring of automation," from the sensing devices which check on industrial processes to the computer serving as the system's "nerve center" and the communication control equipment linking the elements into a coordinated whole;

2. Providing unique ways of automating on a step-by-step basis, utilizing "islands of automation" and integrated control of both process and paper work;

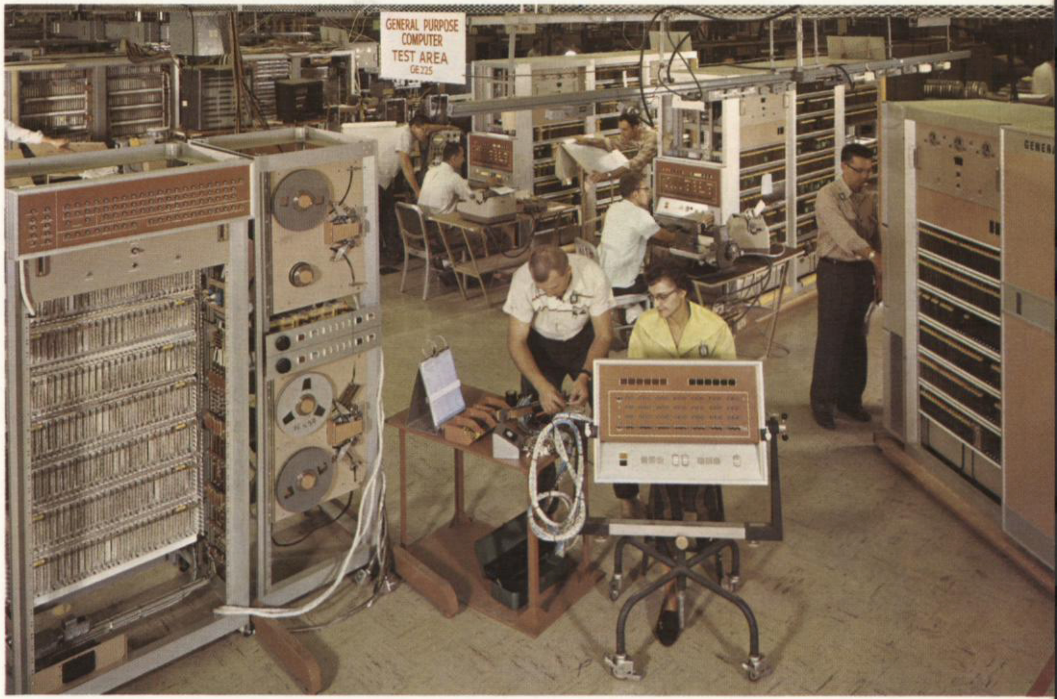
3. Supplying automation systems for small as well as large enterprises, through equipment designed for short as well as long production runs.

Emphasis on computer systems: During 1960, General Electric continued to pioneer in applications of computer control. The first process computer system for the steel industry was placed in operation. The Company continues development of such advanced applications as computer control for electric generating stations and additional steel mill processes. Steps taken by Computer Department to further strengthen its competitive position:

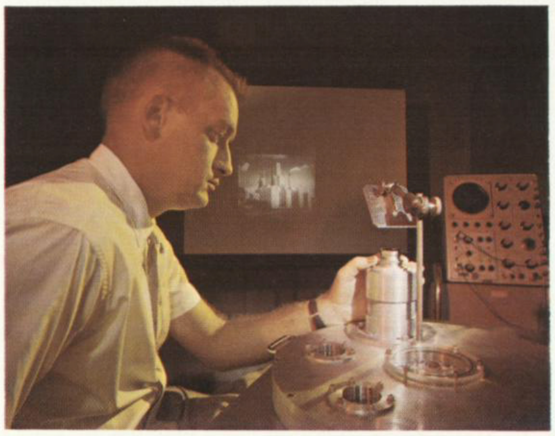
- The Department completed approximately three-fourths of its initial $30 million contract to supply computers for automatic bookkeeping of bank accounts and received 13 orders from other banks for its advanced GE210 system.
- In the business data-processing market, the Department announced its GE225 system, filling the need for flexible, high-speed, lower-cost computers.
- Production is beginning on a line of other types of equipment supplementing computers, enabling the Department to supply a full line of products for integrated information-handling systems.
- Plans were announced for a number of new business data-processing centers.
- Progress was made in developing GECOM—a language understandable both by people and by computers.



◀ **AUTOMATION'S RING** is explained to visitors at General Electric's Integrated Automation Exhibition. Step-by-step approach assures customers of the economic feasibility of their investment at each stage from automatic regulating systems to automatic information handling through computers.

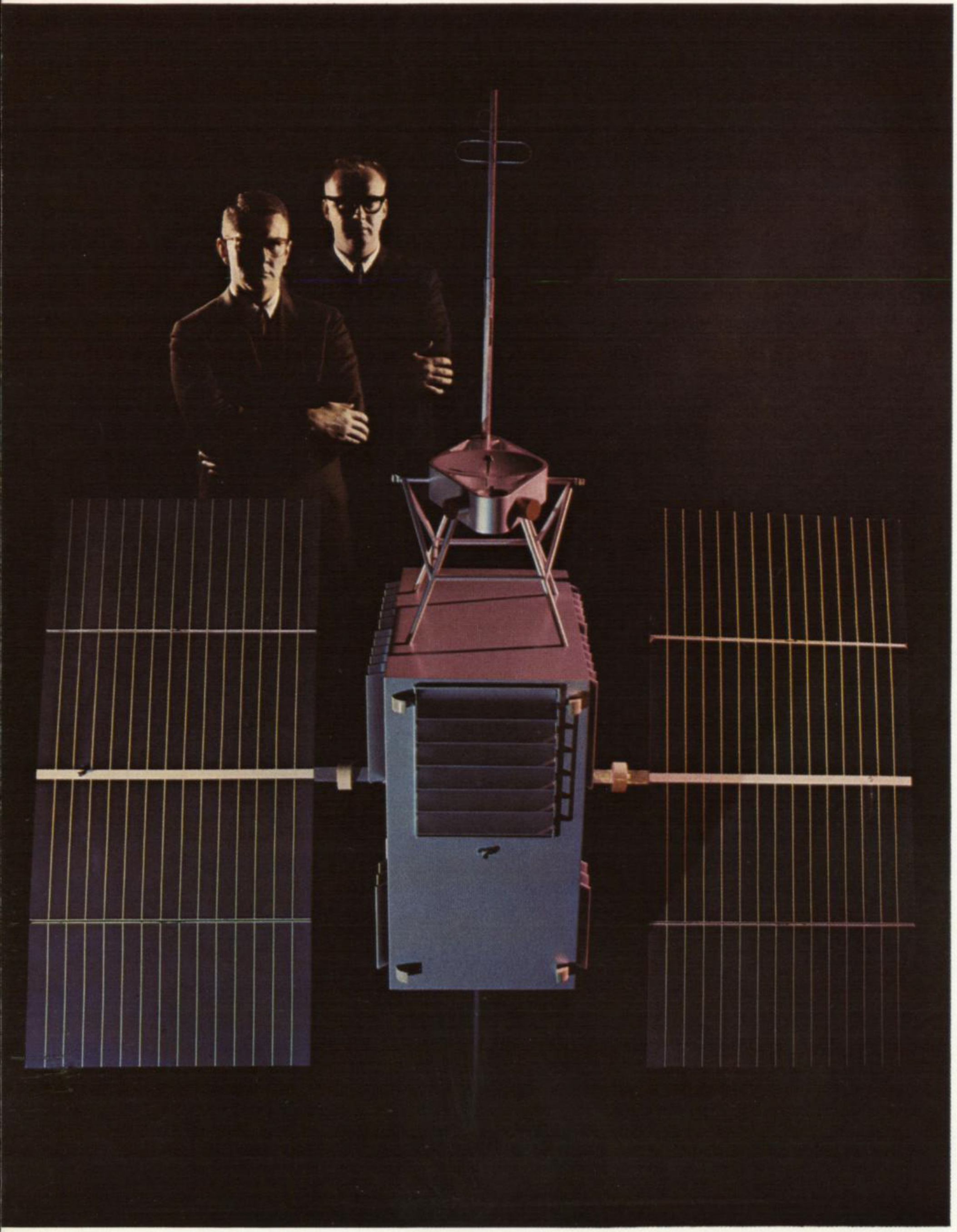


COMPUTERS IN PRODUCTION are shown above at the Computer Department in Phoenix, Ariz. General Electric supplies computers both for special purposes such as the control of manufacturing processes and for the handling of data required to solve business problems. Shown above is the newly developed GE225 computer for business and scientific data-processing, for which 33 orders were received by the Department in 1960.



◀ **TO THE FUTURE:** Thermoplastic recording, revolutionary innovation by the Research Laboratory in information storage and display, is receiving concentrated study in a number of Company laboratories. General Engineering Laboratory specialist at left investigates process for display of visual images.

SPACE ACHIEVEMENTS HIGHLIGHT COMPANY'S DEFENSE WORK



▲ **WORLDWIDE COMMUNICATION BY SATELLITE** will become a reality when "Project Advent" is completed. Above: scale model of satellite of type that will be put into orbit to relay messages around the world. General Electric is the designer of the Advent vehicle and control system for the U.S. Department of Defense.

POLARIS MISSILE'S GUIDANCE and fire ▶ control systems, produced by General Electric, are used in firings from submerged submarine. Equipment computes precise relationship of the submarine to target, programs this data into missile guidance system and fires missile. 16 missiles can be fired in 16 minutes' time.

Defense sales by defense product departments accounted for approximately 22% of General Electric's total 1960 business. A substantial decline in these sales for 1960 reflected Government decisions in earlier periods to reduce the level of defense procurement—including plans for such items as jet aircraft and military electronics. General Electric received several large defense orders in the final months of the year, however, and the level of sales billed had begun to rise near the end of the year.

A major portion of General Electric's defense work is in the area of electronics equipment, including many types of radar, guidance and fire control systems for missiles, nose-cone re-entry vehicles, sonar equipment for submarine detection and automatic flight equipment. The Company is engaged in the development and production of flight propulsion equipment, reactors for the first atomic destroyer and advanced nuclear reactors for submarines. General Electric continues to manage the plutonium-producing Hanford Atomic Products Operation for the Atomic Energy Commission.

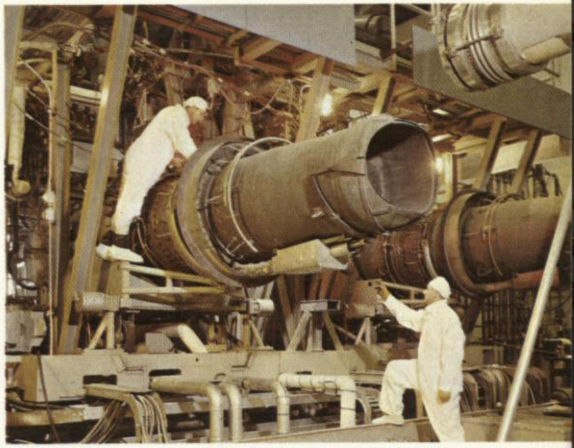
Share owners should be aware that in defense work generally the earnings as a per cent of sales are well below those for commercial business. At the same time there is a continuing increase in the risks which a company must take in development expenditures and investments in new facilities preparatory to securing many defense contracts. Also, the shift from contracts for conventional production items and toward developmental projects has involved greater commitments of research and engineering talent. General Electric will continue to work cooperatively toward improvements in defense procedures as well as in defense technologies so that the nation can obtain the best defense at the lowest cost to the taxpayer. As an example, cost-cutting efforts by the Company have saved the public well over $100 million in defense contracts during the past three years.

Contributing to progress in space development: To explore the new frontier of space and to utilize it for its commercial and scientific potential as well as military purposes will be one of the major technical tasks of the decade ahead. Foreseeing opportunities which can best be advanced by private industry participation, General Electric is investing heavily in space-oriented facilities, including the extensive Space Technology Center under construction near Valley Forge, Pa.

The extent of the Company's role in space was outlined by such advanced developments as:

- The Company's continuing work on a satellite communication space vehicle and control system for the U.S. Department of Defense. Designated as "Project Advent," the system will provide a means of worldwide communication in terms of reliability, capacity, flexibility and security greatly improved over any other currently available system.

(continued on page 12)



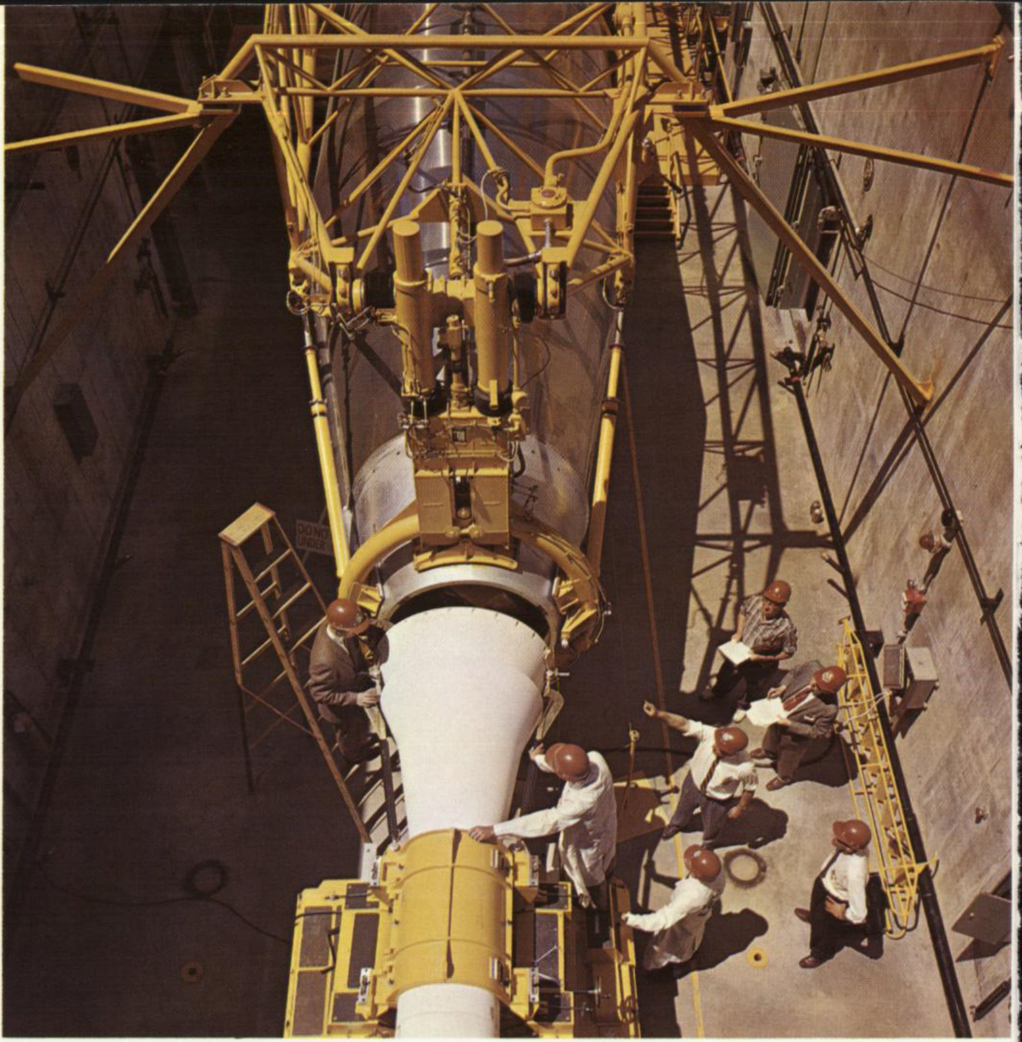
POWER FOR NUCLEAR AIRCRAFT was brought closer to realization during 1960 when two turbojet engines were successfully ground-tested by General Electric for 146 hours on all-nuclear power.

POWER FOR ADVANCED JET AIRCRAFT is under development at General Electric. The Air Force's B-70 "Valkyrie," whose radical design is indicated by large model above, will be powered by six J-93 jet engines built by General Electric.

◂ **POWER FOR ATOMIC SUBMARINES:** First underwater trip around the globe, made by the Triton (left) in 1960, demonstrated the performance of twin reactor system developed by General Electric at the Knolls Atomic Power Laboratory.

- The assignment of the first two Polaris-armed submarines to operational duty. During 1960 General Electric successfully demonstrated the reliability and accuracy of its inertial guidance and shipboard fire control systems for the Polaris.
- The world's first successful recovery of an object that had been orbited around the earth, as pictured on page 31. General Electric designed and built the "Discoverer" space capsule as well as the re-entry and recovery system that made this significant Air Force accomplishment possible. This and subsequent recoveries represent a major step toward space exploration by manned space vehicles. The original capsule has been given to the Smithsonian Institution to join exhibits of four earlier General Electric space achievements.
- Securing of the contract for construction of the space vehicle and integration of the subsystems for Project Nimbus, the first satellite designed for operational weather study and forecasting on a worldwide basis.
- The Company's undertaking of the two major nose-cone contracts which were awarded in 1960, for the Titan II and the Skybolt missiles.
- The selection of General Electric by the National Aeronautics and Space Administration as one of three companies, each of which will develop an approach to the Apollo space vehicle project—a two- or three-man vehicle to explore the vicinity of the moon.

Toward a nuclear plane: A new program redirecting much of the Company's work in aircraft nuclear propulsion was inaugurated in 1960, a further reorientation in the Government's approach to the goal of nuclear flight. Despite these shifts in direction, however, General Electric has already demonstrated a practical system of nuclear-powered jet propulsion that would, under the current program, make possible a nuclear flight by the mid-sixties.



NOSE CONE developed by General Electric to carry rocket's payload back to earth without burning like a meteor is joined to Atlas missile at Wyoming launching area. The Company also developed Atlas' highly accurate radio-command guidance system.

LONG-RANGE DETECTION of aircraft ▶ and missiles is made possible by General Electric's new HIPAR radar, developed for use with the Army's Improved Nike-Hercules weapon system. Another major Company development: surveillance radars for the Air Force's Ballistic Missile Early Warning System.

CONSUMER PRODUCTS AMOUNT TO 24% OF COMPANY'S TOTAL SALES

PRODUCTS FOR ELECTRICAL LIVING OUTDOORS typify General Electric's efforts to supply the public's changing tastes. Colorful outdoor lighting sets the scene for teenagers' fun with a portable stereophonic record player, while the grownups enjoy a "Partio Cart," a complete outdoor cooking center on wheels. Useful small appliances such as the electric coffee maker complete the picture.

General Electric consumer products met widely varying market conditions in 1960. Some lines of products had an excellent year. The Company's lamp business set a new record for shipments and sales. Portable appliance shipments were at a high rate. Sales of radio and television receivers continued strong until late in the year.

Shipments of major appliances, however, fell short of initial expectations for 1960. The early months of the year were characterized by high levels of industry-wide production in anticipation of increased demands that did not materialize. The resulting overproduction necessitated inventory clearances with an accompanying softening of prices during the year.

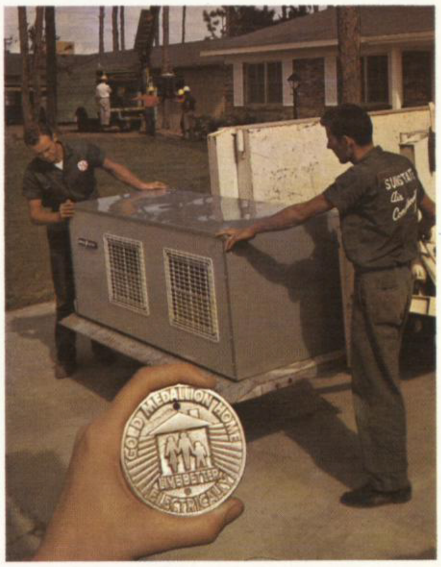
Thus affected, General Electric's sales of all consumer products declined slightly from those recorded in 1959, and amounted to approximately 24% of the Company's total sales for the year 1960.

The outlook for the consumer goods business continues to include strong elements of promise. Disposable personal income for the nation as a whole showed a further, although slower, increase in 1960. Individual savings were at higher levels than for 1959. Housing starts apparently have passed their low point and a moderate increase is expected in 1961. There is also evidence of an accelerating trend for more families to make the home a dominant source of pride and a focus of expenditures.

Thus while 1960 continued a levelling-off period in the exceptional postwar demand for consumer durables, there are potentialities for increased sales of electrical consumer products.

The desirability of growth in serving consumers is heightened by the fact that growth in other areas of the Company's business, particularly in the production of heavy electric power apparatus, de-

(continued on page 14)



GOLD MEDALLION has become the respected symbol for total electric living. Above: Weathertron® heat pump for electric heating and cooling. Background: power crew installing distribution transformer demonstrates how consumer sales growth stimulates other product sales.

HIGH QUALITY, NEW USEFULNESS STRESSED IN 1960 CONSUMER GOODS

NEW EDUCATIONAL PROJECT enabling young student to build and operate his own computer is one of a number of such aids to self-development currently being introduced by General Electric.

TOTAL ELECTRIC MARINA CITY currently under construction in Chicago will utilize General Electric apparatus, as well as the Company's major appliances for 900 apartments.

pends in part on increased consumption of electricity brought about by the increased usefulness of electrical products.

In response to these opportunities and challenges, the Company's management teams in the consumer goods area are stepping up efforts to:

- Manufacture present types of products with ever-higher quality and reliability, and with carefully tested new features that will add to their sales appeal to new customers as well as in the growing replacement market. Example: 18.8-cubic-foot Spacemaker refrigerator-freezer takes no more space than 10-cubic-foot model of a decade ago, an 88% gain in 10 years. New thin-wall foamed plastic insulation helps make it possible.
- Create new products and new uses for existing products. Use of heat lamps at swimming pools and for warming window shoppers and spectators at sporting events exemplifies newly developing markets for this product.
- Develop new directions of usefulness for electrical products, particularly in areas of increasing interest and importance to consumers, such as leisure-time activities, travel and self-development. Growth of the Company's business in stereophonic sound equipment, as an example, has required expansion into the Decatur, Ill., facilities.
- Promote the concept of total electric living through such programs as Gold Medallion Homes equipped with adequate wiring systems, electric heating, good lighting and electric kitchens.
- Offer home and apartment builders packaged proposals for the full range of General Electric products for the home through the Company's Residential Market Development Operation. During 1960, the Operation won substantial orders for a total electric community, Electric City, N. J.; for sizable housing developments; and for total electric multi-story apartment houses.
- Facilitate individual kitchen planning and appliance purchase. A 1960 example: opening of Kitchen Planning Centers by Hotpoint Division, enabling consumers to see the full line of products before they buy.
- Continue the Company's progress in improving after-sale service for home products. A 1960 innovation: operation of a computer-equipped data-processing center in Zanesville, Ohio, to collect and analyze service-call data from 28 service districts which encompass 64 cities across the United States. Surveys to determine customer satisfaction are also undertaken by mail and telephone. From the data obtained, the Company regularly prepares an index which measures the impact of service on customers. Each district is thus measured competitively on such factors as the attitude of the serviceman, the speed, availability and dependability of the service, technical competence, and customers' overall satisfaction.
- Build a worldwide market for the Company's consumer products, with special study given to the development of products designed or adapted to accommodate each host country's standards, tastes, habits and purchasing power.

NEW PRODUCTS on the market in 1960 included: electronic entertainment center combining radio, TV and stereo phonograph; electric air purifier; new decorative clocks. Customer above operates new portable intercom which, when plugged into existing outlets, uses home's wiring system for room-to-room communications.

NEW AUTOMATIC WASHER from General Electric handles 12 pounds of clothes—20% more than largest previous home model—yet requires less floor space.

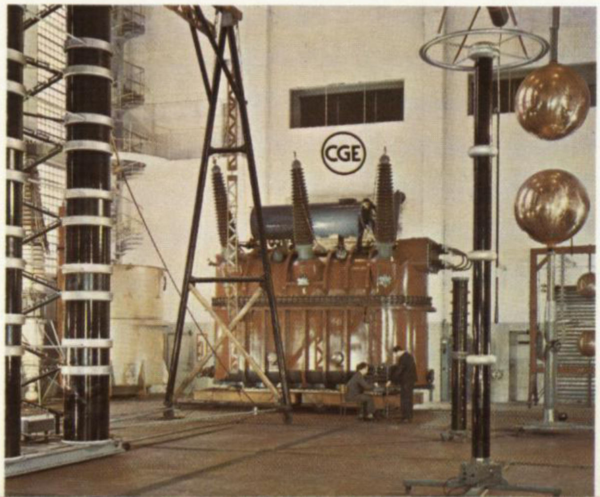
WORLDWIDE MARKETS which General Electric is developing for its products are represented by dishwasher especially designed for European markets and by . . .

◂ **STREETLIGHTING FOR BRASILIA** — new capital of Brazil — from General Electric.

INTERNATIONAL BUSINESS UP; MAJORITY INTEREST IN ITALIAN

BRAZIL: Santo Andre facilities in Sao Paulo are representative of manufacturing or assembly facilities operated by General Electric subsidiary companies.

PUERTO RICO: Main offices and show rooms of subsidiary indicate modern marketing facilities being established by overseas operations.



ITALY: Equipment for generating man-made lightning is used to test power transformer in Milan facilities.

TURKEY: Shown here are the facilities at Istanbul for the manufacture of electric lamps for the Turkish market.

General Electric's total international business increased during 1960. Of three main areas of business, two held about the same sales level as in 1959 and the third was well over the prior year's volume. Thus:

Exports of products made in General Electric's domestic facilities and sold mainly through the International General Electric Company Division to countries outside the United States and Canada were 5% of total consolidated sales, the same percentage as in 1959.

Sales by Canadian General Electric Company, Ltd., totaled $226 million in 1960, virtually no change from 1959 levels. These sales are included in the consolidated results for General Electric.

Sales by foreign nonconsolidated subsidiaries—companies outside the U. S. and Canada in which General Electric has the sole or majority interest—totaled $160 million which, including the new Italian subsidiary, was 21% over 1959 sales. These sales by General Electric's overseas operations are mainly of products manufactured abroad for sale abroad and resale of many products exported from domestic plants.

Increased investment in an important Italian electrical manufacturer highlights General Electric's heightened em-

ELECTRICAL COMPANY ACQUIRED

Foreign Nonconsolidated Subsidiaries Combined Statements	(In millions)	
	September 30	
FINANCIAL POSITION	**1960**	**1959**
Receivables	$102.1	$ 62.9
Inventories	69.6	36.2
Fixed assets	46.1	31.1
Other assets	44.5	27.3
Total assets	262.3	157.5
Borrowings	51.8	33.2
Other liabilities	104.1	52.5
Total liabilities	155.9	85.7
Equity of, and advances by, General Electric	106.4	71.8
Carrying value at September 30	55.4	34.8
Excess of equity over cost	$ 51.0	$ 37.0
OPERATIONS (twelve months ended September 30)		
Net sales billed	$159.8	$132.0
Earnings before provision for exchange variations	$ 6.3	$ 11.2
Provision for changes in foreign exchange rates	1.4	2.8
Net earnings	$ 4.9	$ 8.4
Dividends for calendar years 1960 and 1959, included in General Electric Company's earnings	$ 2.2	$ 7.9

MEXICO: Employee at Mexico City plant proudly displays wide range of products made for Mexican customers. A second plant, located in Monterrey, produces lamps and TV tubes.

phasis on developing its worldwide business. In April 1960 the Company's longstanding minority interest in Compagnia Generale di Elettricita was increased to 75% of the outstanding stock.

This subsidiary, with more than 8,000 employees in 9 plants in 4 Italian cities, manufactures a variety of electrical products ranging from heavy apparatus to electrical appliances especially suited to the needs of countries within the European Common Market. Operations of the Italian firm after April 1960, and its assets and liabilities at September 30, 1960, are included in the statements for foreign nonconsolidated subsidiaries above at right.

As a result of developments in Cuba during 1960, losses of approximately $4.3 million have been recorded in the Company's accounts.

Employment by all nonconsolidated subsidiaries in 1960 totaled approximately 27,000 people in 21 countries outside the United States and Canada. In addition to their marketing activities, these subsidiaries operate 31 manufacturing or assembly facilities in 11 of these countries. On foreign sales of $160 million for the twelve months ended September 30, 1960, these subsidiaries earned $4.9 million, a decline of $3.5 million from earnings reported in 1959. The lowered earnings were caused principally by a deterioration in results of the Company's Venezuelan subsidiary, attributable to a worsening of the economic climate in that country. During the calendar year 1960, $2.2 million in dividends was remitted to General Electric.

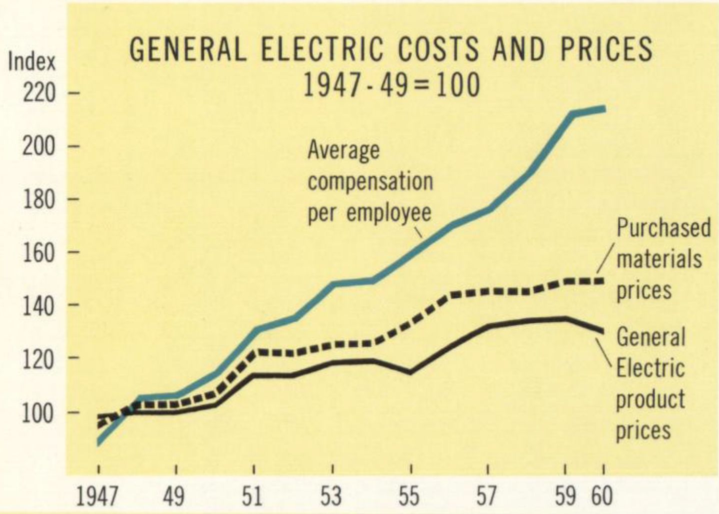
The Company's investment in these subsidiaries on September 30, 1960, amounting to $55.4 million, consisted of the cost of the investment plus advances to the companies. As shown in the combined statements of financial position above, General Electric's equity in their net assets was about $51.0 million greater than this carrying value.

General Electric is developing its international business on a partnership basis supplying benefits mutually to each host country and to General Electric. Canadian General Electric illustrates what can be achieved. With sales consisting almost entirely of products manufactured in Canada, it employed an average of 12,665 people in 1960 and utilized 3.3 million square feet of manufacturing floor space in 8 communities. All of its officers and department managers are Canadian citizens.

URUGUAY: Maldonado plant, producing wide range of products, typifies advanced facilities being established abroad.

CANADA: Extensive facilities at Peterborough, Ont., for manufacture of heavy equipment indicates the large-scale contributions to nation's economy made by Canadian General Electric Company, Ltd.

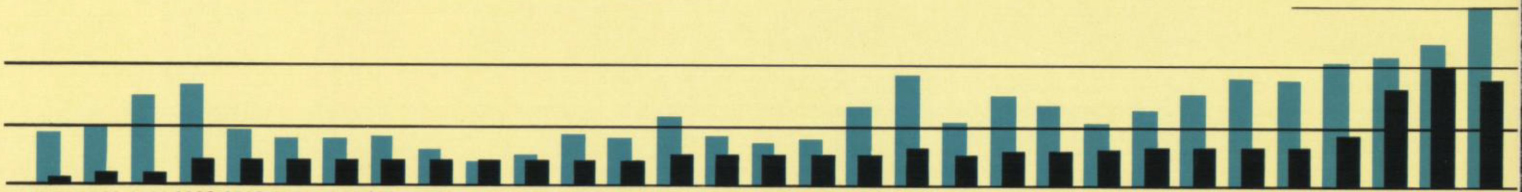
ADVERSE FACTORS LIMIT 1960 EARNINGS; DIVIDENDS



As discussed in the Chairman's message on page 1 of this Annual Report, the lower level of General Electric's 1960 earnings reflects in part the decisions made during the year to seek maximum long-term earnings by maintaining high levels of expenditure in promising areas of advanced technology. Especially important contributing factors are indicated in the chart at left—higher employment costs and a lower level of prices for General Electric products, reflecting the intense price competition in some areas of 1960 business. Earnings for the fourth quarter of 1960, also affected by a three-week strike at certain Company locations, were especially low in comparison with the same quarter of 1959.

Earnings for the year totaled $200.1 million, or $2.26 a share of common stock. This was a decrease of 29% from the record 1959 earnings.

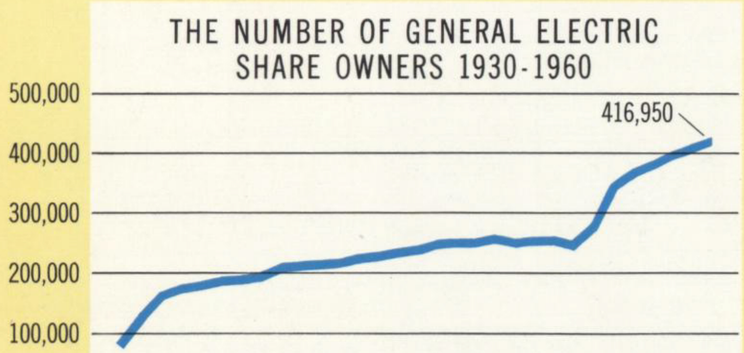
Earnings per dollar of sales also declined. The 1960 figure of 4.8 cents compares with 6.4 cents for 1959.



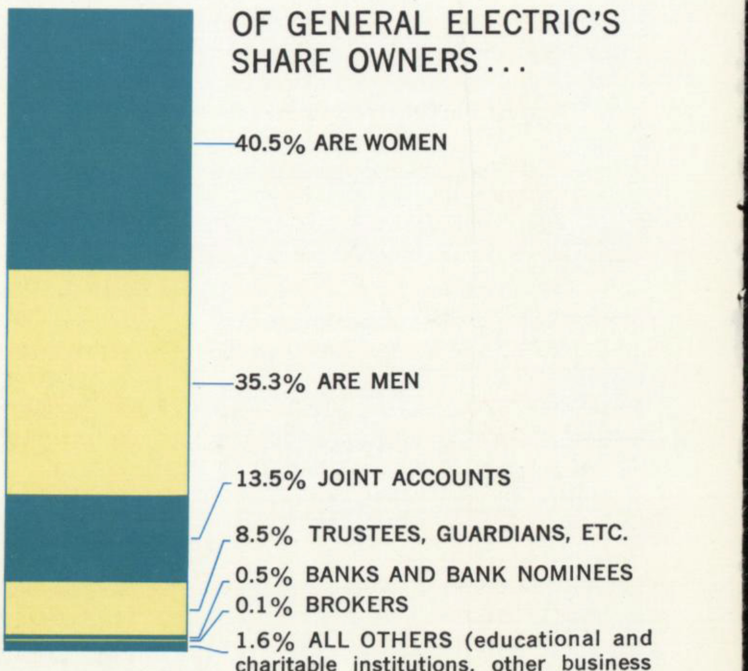
	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913
EARNINGS	.22	.25	.36	.40	.24	.20	.20	.21	.14	.10	.13	.22	.20	.28	.22
DIVIDENDS	.04	.06	.06	.11	.11	.11	.11	.11	.11	.11	.11	.11	.11	.14	.14

	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
EARNINGS	.19	.20	.32	.46	.26	.39	.32	.26	.31	.38	.44	.43	.51	.53	.60	.75
DIVIDENDS	.14	.14	.14	.16	.14	.15	.15	.16	.17	.17	.17	.17	.23	.40	.50	.46

NUMBER OF GENERAL ELECTRIC SHARE OWNERS



NEW SHARE OWNERS raised the average number of General Electric share owners to 416,950 in 1960. A 1960 analysis of the holdings of General Electric stock is charted at right. Percentages for banks and bank nominees, and for brokers, include the holdings of many additional thousands of beneficial owners.

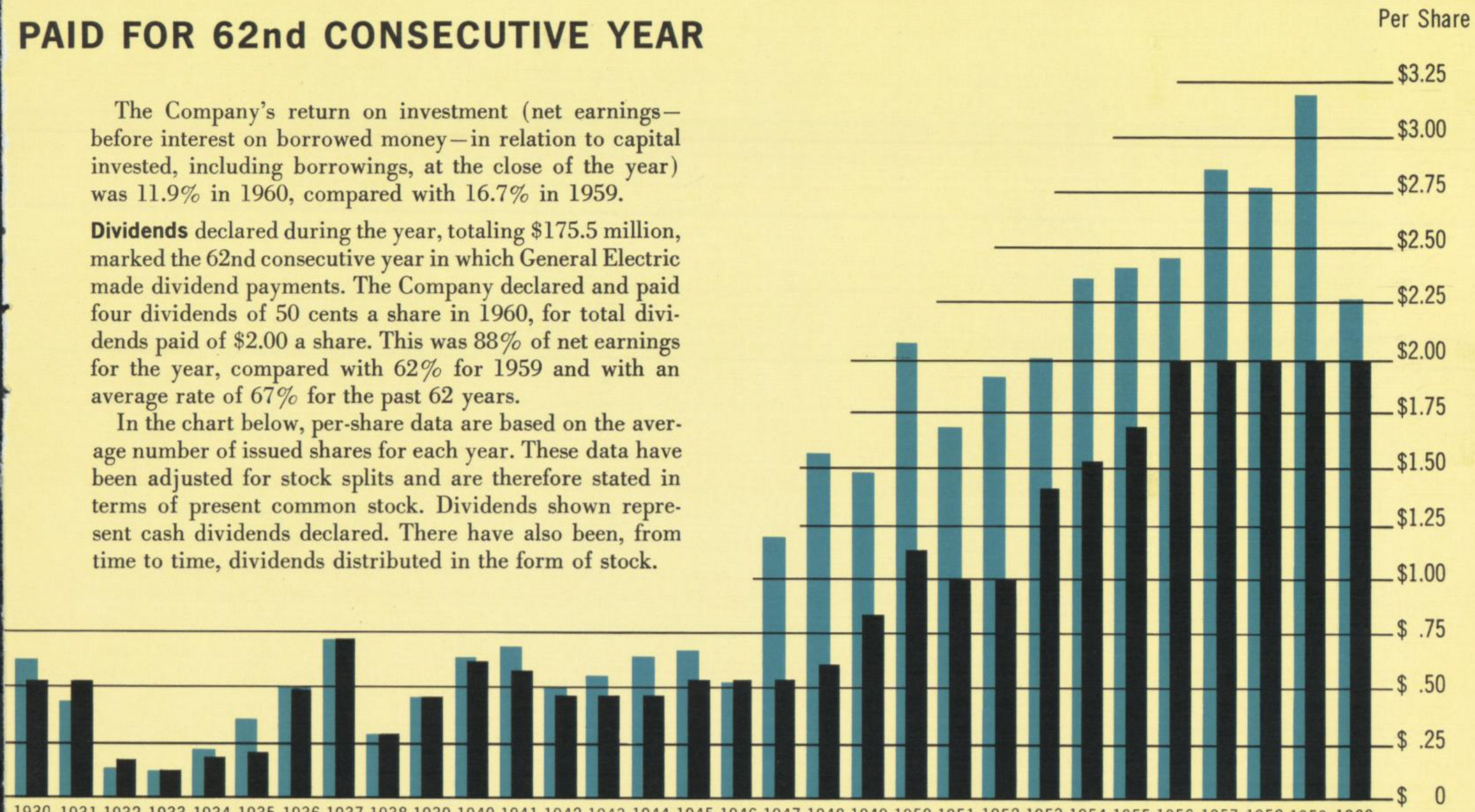


PAID FOR 62nd CONSECUTIVE YEAR

The Company's return on investment (net earnings—before interest on borrowed money—in relation to capital invested, including borrowings, at the close of the year) was 11.9% in 1960, compared with 16.7% in 1959.

Dividends declared during the year, totaling $175.5 million, marked the 62nd consecutive year in which General Electric made dividend payments. The Company declared and paid four dividends of 50 cents a share in 1960, for total dividends paid of $2.00 a share. This was 88% of net earnings for the year, compared with 62% for 1959 and with an average rate of 67% for the past 62 years.

In the chart below, per-share data are based on the average number of issued shares for each year. These data have been adjusted for stock splits and are therefore stated in terms of present common stock. Dividends shown represent cash dividends declared. There have also been, from time to time, dividends distributed in the form of stock.



	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
EARNINGS	.63	.44	.14	.13	.24	.35	.50	.73	.30	.47	.65	.68	.50	.56	.64	.67	.52	1.20	1.57	1.49	2.08	1.66	1.91	2.01	2.36	2.41	2.46	2.84	2.78	3.19	2.26
DIVIDENDS	.53	.53	.18	.13	.20	.23	.50	.73	.30	.47	.62	.58	.47	.47	.47	.53	.53	.53	.60	.83	1.13	1.00	1.00	1.42	1.53	1.70	2.00	2.00	2.00	2.00	2.00

RISES TO NEW RECORD

Dividend payments to a record number of General Electric share owners during 1960 represent the most direct tangible return from ownership of General Electric stock. Long-term increases in the market price of the Company's stock provide an additional measure of the results from investment in General Electric.

The Company strives to increase the intrinsic value of share owners' investments by such means as:

- reinvestment of a portion of each year's earnings. The share owners' equity in the Company over the past decade has risen from $715 million at the close of 1950 to over $1.5 billion in 1960, primarily through reinvested earnings totaling $641 million.
- conducting effective research and development. As one measure of General Electric's efforts to maintain its technological progress, the Company employs more than 26,000 scientists, engineers and other technical graduates—more than any other company.
- risking funds in promising new business ventures. The preceding pages of this Annual Report offer examples of the Company's expenditures in developing some of the most promising technological areas on the business horizon.

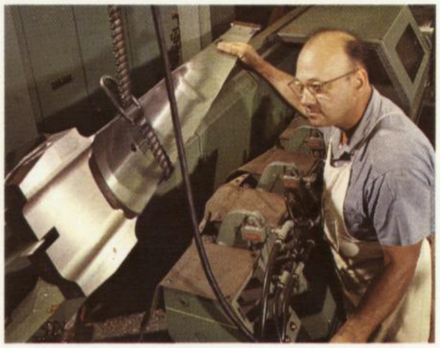
What the results of these efforts have meant to two representative share owners is illustrated at right.

SHARE OWNER Clara Gage, a widow, has found that General Electric dividends have helped to meet rising living expenses. In the late thirties when she first acquired General Electric stock, the average annual dividend on 100 shares would have paid an average family grocery bill for about 3 months. With groceries much more expensive today, the dividend for 1960 on the same investment (now 300 shares) would fill the same market basket for more than 5 months.

COLLEGE EXPENSES for daughter Susan come easier for Professor Harold Dulan because of the General Electric stock he bought about the time she was born. At that time the average cost of one year in college approximated the market value of 30 shares. In 1960, the value of the same investment (now 90 shares) was equivalent to more than three years' college expenses even though average college costs have more than doubled in these 19 years.

Space experts

Computer programmer



Turbine builder

THREE-YEAR COMPENSATION PROGRAM

In the fall of 1960, General Electric developed plans for a new three-year compensation program. It was put into effect for the majority of employees who are not represented by unions, and proposed as the basis for three-year contracts with the more than 100 unions representing General Electric employees. The new program, adding to the benefit plans already available to employees, represents General Electric's effort to remain competitive in attracting capable people while also keeping the Company competitive in supplying superior product values to customers.

Key features of the new program are aimed at helping protect employees subject to job insecurity brought about by market or technological changes. The program offers various options from which the eligible employee can select the provision which best fits his needs.

Providing payments equal to one week's pay for each year of service for an eligible employee with three years or more of service, the program enables the employee who is laid off to select—

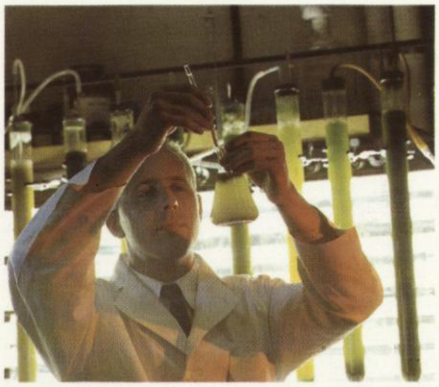
- the use of the money for outside schooling tuition to develop new skills, or
- a lump-sum payment (for layoff expected to exceed six months) to help him while seeking work elsewhere, or
- use of the money as income after the normal period of state unemployment compensation payments.

Other features of the program include two increases in wages over the three-year period, one of 3% in 1960 and the other in 1962, amounting to either 4% or, by local option, 3% plus an eighth holiday and a fourth week of vacation after 25 years' service. Provisions for retirement security and insurance protection for employees and their families were also improved.

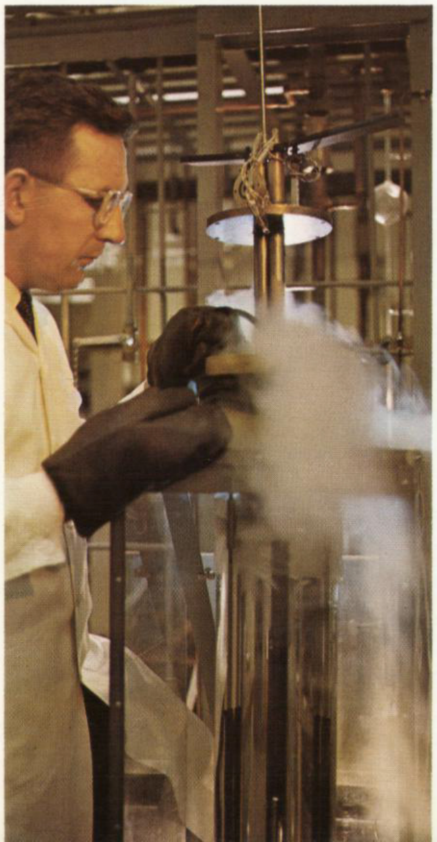
Widespread acceptance of this program among employees was an important factor in limiting to three weeks the strike called by the IUE (AFL-CIO) in October and in securing union officials' agreement to accept the proposals offered by the Company before the strike began.

To absorb the costs of this new settlement so as not to impair the Company's competitive capabilities, General Electric must seek higher levels of individual cooperation and effectiveness. The Company will emphasize increased efficiency in operations, and will stimulate greater mutual efforts in developing new values for customers.

1960 employment at General Electric averaged 250,621, compared with the 1959 average of 246,840. The higher 1960 average was mainly caused by in-



HIGHLY QUALIFIED PEOPLE at all levels of General Electric's organization continue to write the significant long-range news for the Company in terms of leadership on many varied technological frontiers. Scientist above studies algae as oxygen source for space travelers. Right: low temperature, or cryogenics, investigation at the General Engineering Laboratory. Far right: Research Laboratory scientist does research in friction on metallic surfaces.



OFFERS OPPORTUNITY FOR KEEPING BOTH JOBS AND PRODUCTS COMPETITIVE

creased employment in defense facilities, while employment in heavy capital goods and consumer products areas declined somewhat during the year. Import competition was a factor in reducing employment at a number of the Company's plant locations. As a major step toward lessening inflationary pressures whose effects on prices hamper industry in meeting offshore competition, the 1960 agreements negotiated with unions dropped the "escalator" provision that had tied pay levels to increases in the cost of living and had been contributing to further inflation.

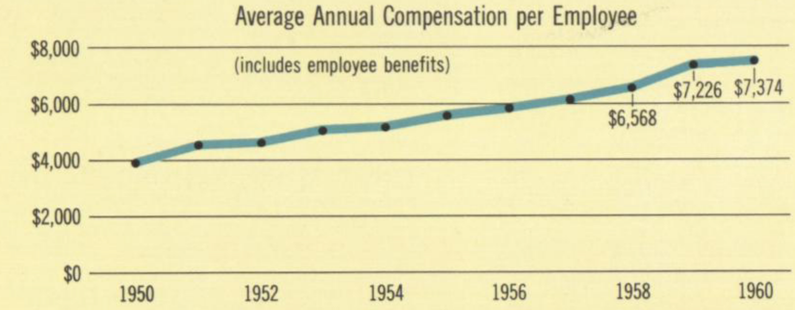
Total 1960 compensation at General Electric, including the cost of benefit programs, was $1,848 million, compared with $1,784 million in 1959. As shown below, average annual compensation per employee increased to $7,374.

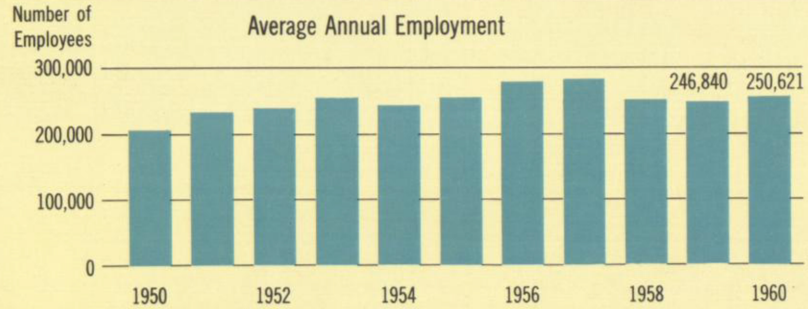
The Company's 1960 costs for employee benefit plans totaled $171 million exclusive of such items as paid vacations and holidays, which are included in wage and salary costs. This total includes the Company's costs for—

- **The General Electric Savings and Security Program,** whose benefits were made available in lieu of alternative compensation arrangements. 1960 costs were $22 million. This Program, through which an employee's savings up to 6% of pay are supplemented by Company payments equal to half these savings, encourages employees to start personal investment programs.
- **Pension plans,** with 1960 costs of $65 million (see table below).
- **Savings and Stock Bonus Plan,** an earlier savings plan whose 1960 cost of $1 million represented the market value of Company stock set aside for participants on a basis proportional to their savings.
- **Insurance Plan,** for which 1960 costs amounted to $28 million, providing employees and their families broad protection in case of illness or injury, or for death of employees.
- **Suggestion Plan,** whose 1960 payments totaled nearly $1 million.
- **Social security** taxes for old-age and survivors' insurance and unemployment insurance, whose costs totaled $53 million in 1960.

The Company's Incentive Compensation Plan and the restricted stock option plans, providing incentives for outstanding performance in managerial and professional leadership, are discussed on pages 24 and 25.

AID TO EDUCATION is provided by the General Electric Foundation, a trust established and supported by the Company. Total contributions by the Foundation in 1960 were $1.4 million, including aid to 513 educational institutions for general operating expenses, specific educational research and curriculum studies. Another 1960 activity: grants to support summer seminars providing graduate-level study for high school teachers of economics. Teachers above visited Fort Wayne facilities at Company invitation while attending a seminar at Purdue University.





PENSION TRUSTS for employees of General Electric Company and its subsidiaries (In millions)

Operating Statement	**1960**	**1959**
Total assets—January 1	$1,003.8	$ 923.5
Plus: Company contributions	65.0	62.0
Employee contributions	10.8	5.5
Investment income	44.0	37.6
	1,123.6	1,028.6
Less: Pensions paid	26.3	24.8
Total assets—December 31	$1,097.3	$1,003.8
Financial Position—December 31		
Investments	$1,068.3	$ 982.8
Cash	1.9	1.6
Other assets	27.1	19.4
Total assets	$1,097.3	$1,003.8
Liability to pensioners	$ 205.6	$ 191.4
Reserve for pensions to participants not yet retired	891.7	812.4
Liabilities and reserves	$1,097.3	$1,003.8

Pensions and medical insurance for most retired employees were substantially improved by the Company in 1960.

REPORT ON THE ANTITRUST CASES

February 17, 1961

Passing of sentences in early February 1961 brought to a conclusion the Government's antitrust criminal cases against 29 electrical manufacturing companies and 45 individuals, including the General Electric Company and 16 of its employees. General Electric was named as a defendant in 19 indictments charging violations of the Sherman Antitrust Act in connection with the sale of certain electric power apparatus. The Sherman Act forbids contracts, combinations and conspiracies in restraint of trade.

The Company pleaded nolo contendere to 13 of these indictments, while pleading guilty to six others upon being advised by counsel that the Company may be held technically responsible for the acts of its employees even when they have violated a clear, long-standing Company Directive Policy setting up standards of conduct more stringent than requirements of the antitrust laws. The Company paid fines totaling $437,500, with additional fines being paid by individuals.

General Electric understands that certain utility customers, including federal, state and municipal agencies, are reviewing their purchases of electrical apparatus over the past few years and may bring suit against the Company to recover damages.

The Company has taken the initiative in advising utility customers concerned, including federal, state and municipal agencies, that it desires to review this situation with them and to make adjustments if warranted by the facts. Charles E. Wilson, former President of General Electric, has been retained to represent the Company in these reviews. It is not feasible at this time to predict the possible outcome of these reviews or any such suits as may be instituted, and no attempt has been made to provide in the Company's operations for such future adjustments, if any, as may be made. Your management believes that purchasers of electrical apparatus have received fair value by any reasonable standards. As one indicator: the foresight of the electrical utilities, coupled with the design and manufacturing skills of the electrical manufacturers, have kept electricity one of today's greatest bargains. The price of electricity has gone up only 2% since 1939, while the general Consumer Price Index has risen 112%.

These cases form a deeply regrettable chapter in the history of General Electric. No arguments or explanations should be construed as attempting to minimize the seriousness of the offenses charged. However, those who share in General Electric's progress should be vigilant in opposing unwarranted conclusions from these cases.

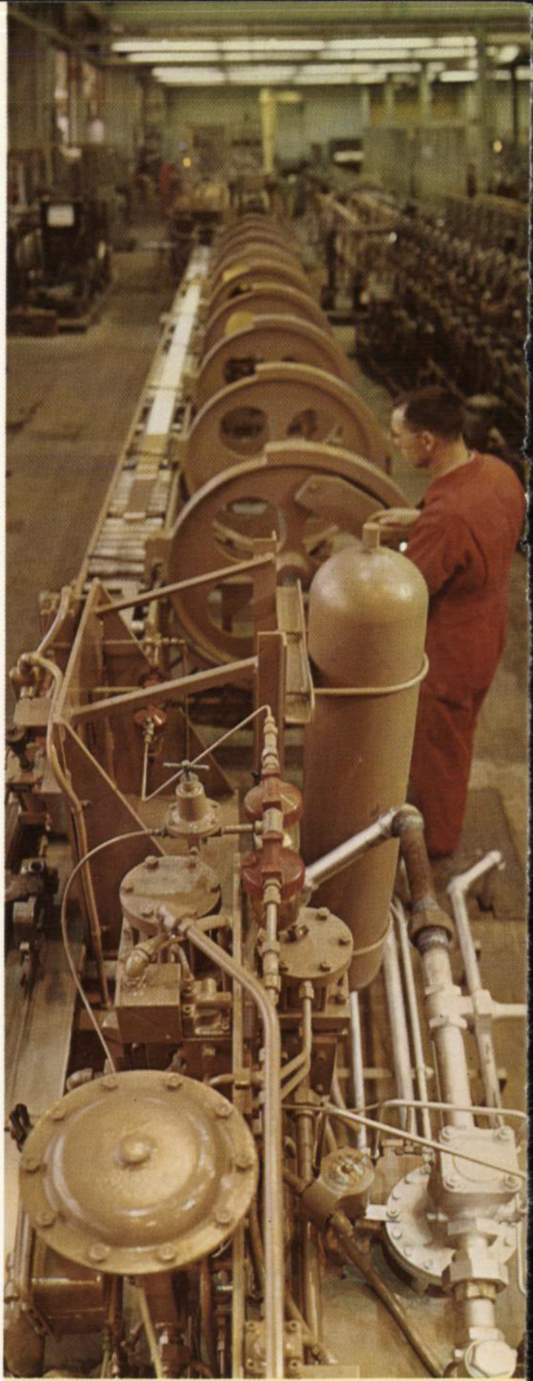
General Electric believes that the antitrust laws should be aggressively enforced. It has been, and will continue to be, the policy of the Company to comply strictly with these laws, with no exception, compromise or qualification. As the record well establishes, the actions of these few individuals were not in conformance with Company policy, but were a deliberate violation of General Electric Directive Policy.

During the proceedings in court on December 8, 1960, it was stated on behalf of the Department of Justice that "the Government has not charged and does not claim that any member of the General Electric Board of Directors, including Mr. Ralph J. Cordiner and Mr. Robert Paxton, had knowledge of the conspiracies pleaded in the indictments, nor does the Government claim that any of these men personally authorized or ordered commission of any of the acts charged in any of the indictments."

The individuals involved went to great lengths to keep their activities hidden from those in the Company charged with assuring compliance with the Company's policy. As soon as the activities were discovered—after initiation of Grand Jury investigations but in most instances before Government indictments were handed down—the Company in appropriate cases took severe disciplinary measures. These measures included substantial demotions, reductions in pay, and shifts to work assignments with no responsibility for pricing. (This paragraph correctly expresses the situation that was imprecisely stated in some first mailings of the Interim Report to share owners with the January 25 dividend checks.)

The unauthorized activities of a few individuals in three of the 21 operating divisions should not be permitted to dim the achievements of thousands of employees in management positions throughout General Electric.

The Company's management strongly believes it was diligent and under the circumstances could not reasonably have discovered sooner than it did the deliberately secretive activities in question. The management is determined, however, to take every feasible measure to prevent any recurrence of violation of either the Company's Directive Policy or the law.



EMPHASIS ON IMPROVED FACILITIES raised General Electric's 1960 expenditures on plant and equipment in the United States and Canada to $136.9 million, compared with $91.3 million in 1959. These 1960 expenditures increase the Company's investment in new plant, equipment and laboratories during the last decade to more than $1.4 billion. Plant improvements are being made on a highly selective basis to provide facilities for growth in advanced technologies and to achieve cost-cutting efficiencies. The example pictured above: complex equipment developed jointly by the Manufacturing Laboratory and the Large Steam Turbine-Generator Department to semi-automate production of generator stator bars. Of the 1960 expenditures, 75% represented new equipment and 25% land and buildings.

1960 FINANCIAL SUMMARY

Sales of products and services totaled $4,197.5 million in 1960, 3% below 1959 sales although 2% above those for 1958. Sales of both heavy capital goods and industrial components and materials showed gains in 1960. Declines occurred in defense sales by defense product departments and in principal consumer lines. See pages 3 through 17 for further details.

Wages, salaries and employee benefits amounted to $1,848.2 million in 1960 and represented a new high. Additional information appears on pages 20 and 21.

Materials, supplies and all other costs not shown separately aggregated $1,970.3 million, a decrease of $26.8 million from such costs for 1959. Prices of purchased materials remained generally level until the latter part of the year when costs of nonferrous metals were reduced somewhat.

Depreciation and amortization (cost of wear and obsolescence of plant and equipment) amounted to $116.0 million in 1960, $3.9 million less than for 1959. Included in this provision was $7.0 million for five-year amortization under certificates of necessity, $2.4 million of which was in excess of normal depreciation. At the end of 1960, certificates of necessity remained in force for facilities with an original cost of $163.4 million. Approximately 62% of this amount has been or is being amortized over five-year periods, with the balance being depreciated at normal rates.

The original cost of plant and equipment, less accumulated depreciation and amortization, totaled $693.7 million at the close of 1960, an increase of $14.1 million during the year, as indicated in the tabulation at the bottom of the page.

Taxes, except those on income, were $36.4 million, about 4% below 1959. These taxes represent principally state and local franchise and property taxes. They do not include (1) social security taxes, which are included as a part of employee benefits, (2) indirect taxes which are not ascertainable in the cost of materials and services purchased, or (3) certain excise and sales taxes paid to government without being recorded in sales and costs.

Inventories include raw materials, items in process of manufacture and products ready for sale. Inventories at the end of 1960 amounting to $655.2 million—5% above those at the end of 1959—were carried over as costs applicable to sales in future years. The inventory increase was attributable primarily to a build-up by the defense product departments in line with an increase in receipt of new orders, some remaining imbalance resulting from the strike in October, and a continuing, though greatly reduced, excess in warehouse stocks of certain consumer products.

Nonoperating income totaled $43.5 million in 1960, an increase of $3.1 million over the preceding year. The increase resulted primarily from greater earnings on marketable securities. Interest on debentures and other financial charges were nearly all applicable to the Company's outstanding 3½% debentures.

Provision for Federal and Canadian income taxes and for renegotiation was $190.7 million in 1960, 30% below the 1959 provision. The Federal income tax returns of the parent Company and its principal subsidiaries have been audited by the Internal Revenue Service through 1956 and, aside from certain refund claims, no controversies are pending. Other income taxes (state and local) were $2.0 million in 1960 compared with $3.0 million in 1959. Total tax and renegotiation cost in 1960 for General Electric was $2.59 a share of common stock—33¢ more than net earnings.

Net earnings applicable to common stock in the amount of $200.1 million were equivalent to $2.26 a share—29% below the prior year. Earnings as a percentage of sales were 4.8% in 1960, compared with 6.4% in 1959 and 5.9% in 1958 (see pages 18 and 19).

Dividends declared amounted to $2.00 a share in 1960, a total of $175.5 million. This represented 88% of net earnings, compared with 62% for 1959 and 71%

(continued on page 24)

	(In millions)		
CHANGES IN PLANT AND EQUIPMENT DURING	**1960**	**1959**	**1958**
Cost of plant and equipment in use January 1	$1,566.4	$1,553.0	$1,511.8
Cost of facilities added during year	136.9	91.3	104.1
Deduct: Cost of facilities dismantled during year	*86.8*	*77.9*	*62.9*
COST OF PLANT AND EQUIPMENT IN USE DECEMBER 31	$1,616.5	$1,566.4	$1,553.0
Accumulated depreciation and amortization January 1	$ 886.8	$ 840.3	$ 774.7
Depreciation	113.6	116.6	119.7
Amortization in excess of normal depreciation	2.4	3.3	4.8
Total depreciation and amortization included in costs	116.0	119.9	124.5
Deduct: Accumulated depreciation on facilities dismantled during year	80.0	73.4	58.9
ACCUMULATED DEPRECIATION AND AMORTIZATION DECEMBER 31	$ 922.8	$ 886.8	$ 840.3
COST LESS ACCUMULATED DEPRECIATION DECEMBER 31	$ 693.7	$ 679.6	$ 712.7

for 1958, when dividends were also $2.00 a share (see pages 18 and 19).

Net working capital (the excess of current assets over current liabilities) amounted to $772.9 million at the end of 1960, a decrease of $55.1 million during the year. A summary of the changes in net working capital is shown below:

	(In millions) 1960	 1959
Additions to net working capital		
Net earnings for the year	$200.1	$280.2
Depreciation for the year	116.0	119.9
All other—net	12.3	26.1
	328.4	426.2
Uses of net working capital		
Dividends on common stock	175.5	174.3
Expenditures for plant and equipment	136.9	91.3
Increases in investments and advances	42.1	14.5
General Electric debentures purchased	29.0	25.6
	383.5	305.7
Increase/*decrease* in net working capital	$ *55.1*	$120.5

Cash and marketable securities aggregated $414.4 million at the close of 1960. A decrease of $181.9 million during 1960 was mainly caused by the higher level of cash lock-up in inventories and increased investment in, and advances to, nonconsolidated subsidiaries.

Receivables, less reserves, were $565.8 million at December 31, 1960, about 2% below the balance at the end of 1959.

Investments and advances amounted to $213.9 million at the end of 1960, compared with $171.8 million at December 31, 1959. Details of the investment account are shown on page 28, and the bases on which these investments are valued are described in the Notes to Financial Statements.

The $42.1 million increase during 1960 resulted primarily from additional investment in foreign nonconsolidated subsidiaries. The total cost of the investments in, and advances to, these subsidiaries was $64.1 million at the close of 1960. Combined statements for these subsidiaries at September 30, 1960 and 1959 are presented on page 17.

The amount invested in General Electric Credit Corporation totaled $112.6 million at December 31, 1960, up $9.3 million from the end of the preceding year. This wholly owned subsidiary, which assists customers in the financing of their purchases, had assets of $552.5 million at the close of 1960. During the year the Corporation purchased from dealers $509.8 million of customer contracts. Assistance to distributors and dealers through inventory financing added $246.8 million to volume in 1960. Also during 1960 the Corporation was organized to engage more actively in commercial and industrial sales financing. Statements of the financial position and the current and reinvested earnings of this subsidiary are presented in the Notes to Financial Statements on page 29.

Investment in the Company's common stock of $29.0 million represented the cost of 366,887 shares at the end of 1960. A summary of changes during the year appears below:

	Number of shares
Shares of General Electric common stock held at January 1, 1960	360,572
Acquired during the year	418,963
	779,535
Used during 1960	
In lieu of cash payments under the Incentive Compensation Plan	
Delivered to participants	46,199
Transferred under deferred provisions	22,072
For the General Electric Savings and Security Program	329,908
For the General Electric Savings and Stock Bonus Plan	12,988
Other awards to employees in lieu of cash	1,481
Total shares used	412,648
Shares held at December 31, 1960	366,887

In addition, at December 31, 1960 the Company was holding for ultimate distribution to employees on a contingent basis under the deferred compensation provisions of the Incentive Compensation Plan, a total of 315,218 shares of General Electric common stock allotted in lieu of cash during the years 1948 through 1960. These shares were carried under "Other Assets" as a part of "Funds for employee benefit plans" at market value on the date of their allotment, with an offset under "Other Liabilities."

The Company's 3½% debentures outstanding at the close of 1960 amounted to $245.4 million, a decrease of $29.0 million from the amount outstanding at the end of 1959 and $54.6 million less than the original issue of $300 million. The difference of $54.6 million represented the face amount of debentures acquired in the open market at a cost of $50.7 million and held in treasury in anticipation of the sinking fund payments which are required commencing in 1961, as provided in the underlying indenture agreement.

Common stock issued by the Company amounted to 88,860,183 shares at December 31, 1960, compared with 88,282,899 shares at the end of the previous year. During 1960, a total of 363,302 shares were issued under terms of the Company's restricted stock option plans (see page 25) and 213,982 shares were issued for the major portion of employee purchases during 1960 under the General Electric Savings and Security Program (see Details of Items in Statements on page 28).

Amounts in excess of par value received for stock aggregated $130.1 million at the end of 1960, an increase of $28.3 million during the year. The increase represented $28.5 million of premium on original sale of common stock less $0.2 million from dispositions of common stock held in treasury (see Details of Items in Statements on page 28).

The Incentive Compensation Plan provides incentive for outstanding performance by key employees. Incentive amounts allotted in any given year vary in accordance with how well the year's objectives are met by the Company, by the component for which the individual works, and by the individual himself. Allotments made in 1960 for outstanding performance in 1959 amounted to $15,392,518 for 2,256 employees.

The restricted Stock Option Plan, approved by the share owners in 1958, and a previous similar plan, provided a continuing incentive for more than 1,100 employees during 1960. The option price of grants under these plans is the

THE SHARE OWNER AND NATIONAL ECONOMIC GROWTH

The efforts of General Electric people to achieve long-term growth for the Company while striving to adjust to short-term dislocations are a part of the larger challenge of how the nation as a whole is to accelerate its economic growth rate.

Currently the economy is showing the strains of the heavy burdens imposed upon it. These include:

- The costs of the cold war, including the massive defense effort and capital assistance to many developing nations;
- The need to offer employment opportunities and higher levels of living for a growing population;
- The costs of programs aimed at a broadening range of social objectives;
- Increasing competition from abroad.

The deterioration in the nation's balance of payments and the rate of gold outflow provide evidence of these strains and point up the need for a more vigorously growing economy.

Strengthening of the economy can only be achieved through a broad mutuality of effort—by individuals, businesses and government. This point needs to be emphasized repeatedly today when solutions are so frequently discussed in terms of larger governmental programs alone.

The fact is that if the United States is to realize the potentialities of the 1960's, it must encourage and stimulate the private sector of the economy, where growth is achieved through individual incentive and choice on a competitive enterprise basis. Our national economic progress rises upward from individuals and business entities rather than downward from state officials and centralist directives.

The role of business is to use the resources at its command most effectively in serving customers through better values in products and services at less cost. To accomplish this, business must constantly explore the means for increasing productivity—the measure of how well manpower, time, materials, facilities, machines and systems are combined to produce goods and services.

To emphasize the primary role of the private sector in increasing the economy's vigor is not to deny the important part which government can play. There are a variety of positive steps that government can take:

- In its increasing purchases, currently rising above 20% of the nation's total expenditures, government at all levels must develop built-in controls to guard against waste and extravagance, since much of its procurement is not subject to the disciplines of the market economy.
- Government must guard against unwise spending in response to pressure groups. Haphazard injection of government funds as a means of countering recessionary trends generally fails in its intended purpose and may intensify cyclical movements.
- Major subsidy items in the Federal budget should remain under continuing review, testing whether more effective results could not be obtained by reliance on the competitive process.
- The integrity of the dollar should be maintained by sound fiscal policies.
- The nation's tax structure needs reform and revision to ease existing deterrents to savings and productive investment. The tax rate structure, for instance, should be substantially moderated. Depreciation allowances should be liberalized to enable industry to step up improvement of its productive facilities.
- Government needs to strengthen its efforts to secure from prospering allies a more equitable balance of contributions to the common cause of defense and economic assistance to developing nations.

Share owners, with the influence of their numbers and the importance of their contributions of venture capital, can be a strong force helping to avoid both the erosion of inflation and the waste of national energies resulting from prolonged recession.

Many nations of the free world strongly desire the equipment for industrialization and the many other products that this nation can supply. Here at home the economy has vast areas of unfinished business in improving homes, communities, and educational, cultural and social institutions. By bringing into greater use and effectiveness its basic wellsprings of individual initiative and enterprise the United States can make the 60's a time of breakthrough to new and higher levels of worldwide service and accelerated growth.

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full market value of General Electric stock on the date of the grant, so participants do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, in order to exercise options, the employee must remain with the Company, since options may be exercised only after annual installments mature, generally over a period of nine or ten years. Thus the plan encourages outstanding managers and professional employees to have a greater long-term interest in the Company's overall results.

Additional stock options granted during the year totaled 80,146 shares. In 1960, shares deducted from original grants for such reasons as deaths, retirements and withdrawals totaled 73,459. Options for 1,672,427 shares outstanding at the end of 1960 were held by 1,162 individuals, and 1,505,172 shares were available for the granting of additional options. A summary as of December 31, 1960 is shown at right.

Year of grant	Average option price	Net original grants*	Installments not yet exercisable	Exercisable installments as yet unpurchased	Shares purchased in 1960
1953	$23.89	1,996,838	453,904	86,796	208,116
1954	45.00	567,624	167,891	130,409	79,349
1955	52.25	659,555	276,639	202,302	66,280
1957	65.76	196,790	125,700	57,417	7,808
1958	64.88	60,240	46,313	11,275	1,749
1959	79.88	33,635	29,738	3,897	—
1960	78.63	80,146	80,146	not yet exercisable	
		3,594,828	1,180,331	492,096	363,302

*After deductions for such reasons as deaths, retirements and withdrawals. December 31, 1960 closing market price was $74.50.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	DECEMBER 31	
	1960	**1959**
Cash on hand and in banks	$ 88,891,336	$ 83,122,461
Marketable securities (bonds and other short-term investments readily convertible to cash)	325,464,949	513,101,557
Receivables* (money owed to the Company by customers)	565,814,690	576,877,316
Inventories (materials, and products being made or completed and ready for sale)	655,161,191	626,203,743
	1,635,332,166	1,799,305,077
Deduct: Collections from customers on contracts in progress and anticipated price adjustments on contracts	156,798,186	231,959,261
CURRENT ASSETS (cash, or items generally convertible to cash within a year)	1,478,533,980	1,567,345,816
Investments and advances* (mainly securities of wholly owned companies not consolidated, plus loans to them)	213,884,864	171,849,451
Plant and equipment less accumulated depreciation (original cost of land, buildings and equipment—less estimated cost consumed by wear and obsolescence)	693,708,385	679,647,048
Other assets* (long-term receivables, special funds, etc.)	165,130,400	142,650,281
TOTAL ASSETS (items owned at the end of the year)	2,551,257,629	2,561,492,596
Notes payable by consolidated subsidiaries	3,980,000	2,615,000
Accounts payable* (mainly money owed for materials and services supplied by others)	187,533,305	190,965,370
Dividends payable to share owners	43,938,056	43,663,461
Taxes accrued (taxes owed to local, state, Federal and Canadian governments)	207,800,795	256,123,811
Other costs and expenses accrued* (amounts to be paid employees, interest owed, etc.)	262,329,529	245,909,444
CURRENT LIABILITIES (amounts generally due within the year ahead)	705,581,685	739,277,086
3½% debentures due May 1, 1976 (amount owed on long-term borrowings)	245,369,000	274,382,000
Other liabilities* (long-term payables, etc.)	57,853,146	59,552,537
Remainder of premium received from 1956 sales of debentures	978,603	1,107,843
Miscellaneous reserves (provisions for future payment of costs incurred in prior years)	26,526,848	27,926,085
Minority share owners' interest in Canadian General Electric Company, Ltd.	1,531,901	1,560,183
TOTAL LIABILITIES, **reserves and minority interest** (amounts owed at year end)	1,037,841,183	1,103,805,734
Excess of Assets over Liabilities, Reserves and Minority Interest—Ownership	$1,513,416,446	$1,457,686,862
This ownership (share owners' equity) is evidenced by:		
Common stock* (issued shares of stock, each with a par value of $5)	$ 444,300,915	$ 441,414,495
Amounts in excess of par value received for stock*	130,093,287	101,840,158
Earnings reinvested in the Company	939,022,244	914,432,209
TOTAL SHARE OWNERS' EQUITY	$1,513,416,446	$1,457,686,862

*Details shown on page 28

GENERAL ELECTRIC

CONSOLIDATED STATEMENT OF CURRENT AND REINVESTED EARNINGS

	FOR THE YEAR		
	1960	1959	1958
SALES of products and services to customers	$4,197,535,440	$4,349,508,529	$4,120,769,801
Deduct operating costs:			
Inventories at January 1 (costs carried over from prior year)	626,203,743	610,478,191	745,459,210
Wages, salaries and employee benefits	1,848,151,233	1,783,729,762	1,640,159,873
Materials, supplies and all other costs not shown separately	1,970,258,713	1,997,040,936	1,802,476,595
Depreciation—cost of wear and obsolescence of plant and equipment	116,028,159	119,895,830	124,547,160
Taxes, except those on income	36,390,587	38,027,696	37,401,691
Less—Inventories at December 31 (costs carried over to next year)	*655,161,191*	*626,203,743*	*610,478,191*
—Wages, salaries and employee benefits directly reimbursed by Atomic Energy Commission	*93,713,939*	*88,400,930*	*82,873,432*
Total costs applicable to sales	3,848,157,305	3,834,567,742	3,656,692,906
EARNINGS RESULTING FROM SALES	349,378,135	514,940,787	464,076,895
Add nonoperating income:			
Net earnings of General Electric Credit Corporation	7,325,482	7,566,893	8,301,520
Dividends received from foreign nonconsolidated subsidiaries	2,151,312	7,942,868	6,239,079
Other nonoperating income—net	43,658,422	35,584,075	20,616,877
Less—interest on debentures and other financial charges	*9,617,601*	*10,638,288*	*11,448,755*
Nonoperating income—net	43,517,615	40,455,548	23,708,721
EARNINGS BEFORE INCOME TAXES AND RENEGOTIATION	392,895,750	555,396,335	487,785,616
Deduct—Federal and Canadian income taxes, and renegotiation	190,700,000	272,000,000	242,200,000
—Other income taxes	2,030,687	3,048,315	2,535,800
—Minority interest in subsidiary's net earnings	93,353	105,897	107,283
NET EARNINGS applicable to common stock	200,071,710	280,242,123	242,942,533
Deduct—Dividends declared for year	175,481,675	174,332,335	173,690,326
Amount added to reinvested earnings for year	24,590,035	105,909,788	69,252,207
Reinvested earnings January 1	914,432,209	808,522,421	739,270,214
REINVESTED EARNINGS December 31	$ 939,022,244	$ 914,432,209	$ 808,522,421
Earnings per share	$2.26	$3.19	$2.78
Dividends declared and paid per share	$2.00	$2.00	$2.00

Reference should be made to Notes on pages 28 and 29.

DETAILS OF ITEMS IN STATEMENTS

	DECEMBER 31	
	1960	1959
RECEIVABLES:		
From nonconsolidated subsidiaries	$ 9,346,639	$ 10,235,687
Other, less reserves	556,468,051	566,641,629
	$ 565,814,690	$ 576,877,316
INVESTMENTS AND ADVANCES:		
General Electric Credit Corporation—Equity in net worth	$ 59,551,956	$ 52,226,474
—Advances	53,000,000	51,000,000
Jelco Corporation—Equity in net worth and advances	39,151	39,516
Foreign nonconsolidated subsidiaries—Investments at cost	37,387,546	28,292,620
—Advances	26,732,478	10,415,673
General Electric common stock	29,008,164	25,534,898
Miscellaneous securities	15,665,569	11,840,270
	221,384,864	179,349,451
Less: Reserve	7,500,000	7,500,000
	$ 213,884,864	$ 171,849,451
PLANT AND EQUIPMENT:		
Plant and equipment at cost	$1,616,552,225	$1,566,423,731
Less: Accumulated depreciation and amortization	922,843,840	886,776,683
Cost less accumulated depreciation and amortization	$ 693,708,385	$ 679,647,048
OTHER ASSETS:		
Noncurrent receivables, less reserve	$ 64,417,887	$ 65,908,223
Equipment leased to others—net	19,972,871	1,022,116
Advances to vendors and distributors	19,657,372	21,881,729
Funds for employee benefit plans—per contra in Other Liabilities	19,567,759	17,362,203
Deferred charges, less reserve	17,080,646	19,768,154
Loans and advances to employees	4,179,203	3,865,147
All other	20,254,662	12,842,709
	$ 165,130,400	$ 142,650,281
ACCOUNTS PAYABLE:		
Trade payables	$ 146,040,596	$ 151,022,045
Payables representing collections from employees and others	40,517,675	39,318,849
Accounts payable to nonconsolidated subsidiaries	975,034	624,476
	$ 187,533,305	$ 190,965,370
OTHER COSTS AND EXPENSES ACCRUED:		
Payrolls accrued	$ 24,348,084	$ 20,000,176
Interest expense accrued	1,462,088	1,627,224
Other costs and expenses accrued—includes liabilities for replacements under guarantees, renegotiation, allowances to customers, employee benefit costs, etc.	236,519,357	224,282,044
	$ 262,329,529	$ 245,909,444
OTHER LIABILITIES:		
Noncurrent accounts payable and other accruals	$ 38,285,387	$ 42,190,334
Liability for employee benefit plans—per contra in Other Assets	19,567,759	17,362,203
	$ 57,853,146	$ 59,552,537
COMMON STOCK ($5 par value):		
Balance January 1	$ 441,414,495	$ 438,407,110
Shares issued under General Electric Stock Option Plans (see page 24)	1,816,510	2,077,295
Shares issued for major portion of employee purchases under General Electric Savings & Security Program (see page 24)	1,069,910	930,090
Balance December 31	$ 444,300,915	$ 441,414,495
Issued shares December 31 (105,000,000 authorized)	88,860,183	88,282,899
AMOUNTS IN EXCESS OF PAR VALUE received for stock:		
Balance January 1	$ 101,840,158	$ 64,057,172
Premium received on shares issued	28,446,504	26,492,157
Net increase/*decrease* from dispositions of treasury stock	*193,375*	11,290,829
Balance December 31	$ 130,093,287	$ 101,840,158

NOTES TO FINANCIAL STATEMENTS

Basis of consolidation—These financial statements and accompanying schedules represent a consolidation of the accounts of the Parent Company—General Electric—and those of all wholly owned or substantially wholly owned subsidiary companies dealing primarily in United States or Canadian currencies, except General Electric Credit Corporation and its subsidiary and Jelco Corporation, which are sales finance subsidiaries.

All significant intercompany items have been eliminated.

The accounts of Canadian subsidiaries were converted to U.S. dollars at par. Net assets in Canada on December 31, 1960 were $109,062,676.

Marketable securities were carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value.

Inventories were carried at cost, exclusive of certain indirect manufacturing expenses and intercompany profits, and less reserves which made provision for possible losses on inactive and excess stocks. Carrying value was not in excess of market. Cost of substantially all inventories in the United States was determined on a last-in, first-out (LIFO) basis. Inventories of Canadian components, with a net value of $45.3 million, were valued on a first-in, first-out (FIFO) basis.

Investments and advances—Carrying value of investment in General Electric Credit Corporation, its subsidiary, and Jelco Corporation represented the sum of outstanding advances to, and equity in the net worth of, these corporations. All earnings of these subsidiaries are included in the consolidated statement of current earnings. Statements for General Electric Credit Corporation at right form a part of these notes.

Carrying value of foreign nonconsolidated subsidiaries represented the sum of outstanding advances to, and cost of the investments in, these subsidiaries. Combined statements of these subsidiaries at September 30, 1960 and 1959 are shown on page 17. Only dividends received from foreign nonconsolidated subsidiaries are included in the Company's statement of current earnings.

Investment in General Electric common stock at the close of 1960 represented the cost of 366,887 shares being held for corporate purposes, such as requirements for the General Electric Savings and Security Program, Savings and Stock Bonus Plan, Incentive Compensation Plan, and patent awards to employees. On December 31, 1960 these shares had a quoted market value of $27,333,082.

Miscellaneous securities were valued at cost. On December 31, 1960 their fair value was approximately $75 million.

General Electric Company 3½% debentures mature May 1, 1976, with interest payable on May 1 and November 1. The indenture provides for sinking fund payments of $13 million annually from 1961 through 1975. The Company, at its option, may make additional annual payments of up to $13 million, and also has the option of redeeming all or part of the bonds at any time upon payment of redemption premiums ranging downward from 3.5%. The underlying indenture also includes certain limitations on pledge, mortgage, or disposition through sale and lease-back of manufacturing properties. Reacquired debentures with face value of $54,631,000 held in treasury in anticipation of sinking fund requirements have been deducted from the original issue of $300 million.

Contingent liability—As discussed on page 22, no specific provision has been made for possible future adjustments arising from antitrust cases.

Costs applicable to sales exclude all expenses directly reimbursed by the Atomic Energy Commission applicable to atomic projects operated for the U. S. Government at Richland, Wash., Schenectady, N. Y., and St. Petersburg, Fla.

GENERAL ELECTRIC CREDIT CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL POSITION	DECEMBER 31 1960	1959
Cash	$ 26,810,555	$ 21,758,055
Receivables, less reserve*	522,943,804	420,033,172
Prepaid interest and discount	1,893,316	1,851,504
Other assets	838,840	867,906
Total assets	552,486,515	444,510,637
Notes payable to:		
General Electric Company	20,000,000	30,000,000
General Electric Company—subordinated	33,000,000	21,000,000
Others	342,049,156	256,971,564
Accounts and drafts payable	17,291,587	17,691,358
Deferred payments to dealers	22,792,365	20,531,611
Accrued Federal taxes on income	5,252,306	5,201,898
Other accrued liabilities	2,519,205	2,301,565
Deferred income	50,029,940	38,586,167
Total liabilities	492,934,559	392,284,163
Assets less liabilities—equity of General Electric Company	$ 59,551,956	$ 52,226,474
Equity represented by:		
Common stock (par value $100 a share)	$ 10,000,000	$ 10,000,000
Investment in excess of par value of common stock	1,100,000	1,100,000
Reinvested earnings	48,451,956	41,126,474
Total equity of General Electric Company	$ 59,551,956	$ 52,226,474
*Reserve for receivable losses	$ 8,000,000	$ 5,950,000

CURRENT AND REINVESTED EARNINGS	1960	1959	1958
Volume of time sales and inventory financing	$756,577,498	$649,985,671	$533,692,141
Gross earned income	$ 57,805,179	$ 48,707,142	$ 47,584,329
Expenses—Operating and administrative	27,875,177	22,760,078	22,553,146
—Interest and discount	14,709,520	10,400,171	8,319,663
—Federal income taxes	7,895,000	7,980,000	8,410,000
Net earnings for the year	7,325,482	7,566,893	8,301,520
January 1 reinvested earnings	41,126,474	33,559,581	25,258,061
December 31 reinvested earnings	$ 48,451,956	$ 41,126,474	$ 33,559,581

INDEPENDENT AUDITORS' REPORT to the share owners and board of directors of General Electric Company

We have examined the consolidated statement of financial position of General Electric Company and subsidiaries as of December 31, 1960 and the related statement of current and reinvested earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements, with the explanation regarding antitrust litigation referred to above and on page 22, present fairly the financial position of General Electric Company and subsidiaries at December 31, 1960 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Seventy Pine Street, New York 5, N. Y., February 16, 1961.

Peat, Marwick, Mitchell & Co.

10 YEAR SUMMARY

DOLLAR AMOUNTS IN MILLIONS	1960	1959	1958	1957	1956	1955	1954
Net sales billed	$4,197.5	$4,349.5	$4,120.8	$4,335.7	$4,090.0	$3,463.7	$3,334.7
General Electric product price index (1947-49=100)	129	135	134	132	124	115	119
Net earnings	$200.1	$280.2	$242.9	$247.9	$213.8	$208.9	$204.4
Earnings per share of common stock (in dollars) (a)	2.26	3.19	2.78	2.84	2.46	2.41	2.36
Earnings as a percentage of sales	4.8%	6.4%	5.9%	5.7%	5.2%	6.0%	6.1%
Earned on capital invested (b)	11.9%	16.7%	15.7%	16.9%	15.3%	17.8%	19.2%
Cash dividends declared—common stock	$175.5	$174.3	$173.7	$173.2	$172.4	$145.9	$131.4
Dividends declared per share (in dollars) (a)	2.00	2.00	2.00	2.00	2.00	1.70	1.53
Number of shares issued—December 31 (a)	88,860,183	88,282,899	87,681,422	87,396,796	87,143,662	86,875,994	86,660,618
Average number of share owners of record	416,950	404,431	395,493	377,555	362,122	338,563	277,047
Market price range—General Electric stock (a) (c)	99⅞–70¼	99⅞–74	79⅜–57	72⅜–52⅜	65½–52¾	57¾–46¼	48½–29
Current assets	$1,478.5	$1,567.3	$1,407.9	$1,353.0	$1,268.7	$1,056.1	$1,056.5
Current liabilities	705.6	739.3	700.4	733.4	676.4	708.9	686.7
Total assets	2,551.3	2,561.5	2,420.9	2,361.3	2,221.1	1,903.1	1,815.3
Long-term debt and notes payable—December 31	250.5	278.0	306.3	303.1	308.5	92.0	51.9
Share owners' investment	1,513.4	1,457.7	1,311.0	1,231.2	1,143.4	1,089.8	1,020.0
Total capital invested (d)	1,763.9	1,735.7	1,617.3	1,534.3	1,451.9	1,181.8	1,071.9
Plant expenditures	136.9	91.3	104.1	153.6	205.2	161.4	170.6
Depreciation and amortization	116.0	119.9	124.5	119.9	108.7	97.4	86.4
Total employee compensation (including benefits) (e)	1,848.2	1,783.7	1,640.2	1,715.3	1,643.8	1,372.4	1,250.9
Average number of employees	250,621	246,840	249,718	282,029	280,497	250,306	243,622
Average compensation per employee (in dollars) (e)	$7,374	$7,226	$6,568	$6,083	$5,860	$5,483	$5,135
Total taxes and renegotiation (f)	229.1	313.1	282.1	300.3	247.2	206.5	230.4

(a) Adjusted for 3 for 1 conversion in 1954.

(b) Net earnings for the year—before interest on money borrowed—in relation to total capital invested at the close of each year.

(c) Represents high and low market price on New York Stock Exchange for each year.

(d) Represents total share owners' investment (ownership) plus long-term debt and notes payable as of December 31 each year.

(e) Includes Company cost of pensions, insurance, social security taxes, employee savings programs and all other employee benefits.

(f) Excludes certain excise and sales taxes, which are not included in sales or costs, and social security taxes, which are a part of employment costs.

GENERAL ELECTRIC

1953	1952	1951
$3,510.6	$2,993.4	$2,619.6
118	114	114
$173.8	$164.9	$143.7
2.01	1.91	1.66
5.0%	5.5%	5.5%
17.6%	18.0%	17.5%
$121.6	$85.9	$85.9
1.42	1.00	1.00
86,537,782	86,537,782	86,537,782
247,944	252,837	252,993
30¾–22⅛	24¼–18⅛	21¼–16½
$1,182.4	$1,121.3	$1,081.7
755.2	665.3	677.7
1,823.7	1,680.7	1,608.3
58.2	37.5	23.6
942.3	888.8	807.1
1,000.5	926.3	830.7
158.7	132.2	109.4
73.6	65.6	62.0
1,311.7	1,118.5	1,050.0
257,091	239,478	232,981
$5,102	$4,671	$4,507
354.0	312.4	318.8

BOARD OF DIRECTORS

General Electric's Board of Directors, representing all share owners, is composed of 17 members, two of whom are General Electric employees. The other Directors bring to the Company's problems a wide range of experience in varied fields of endeavor. They are also widely representative in a geographical sense and in the diversity of their ages. The average age of the 17 Directors is 60.0 and their service as Directors of the Company averages 10.8 years.

S. SLOAN COLT Director and Member of the Executive Committee, Bankers Trust Company, New York, N. Y. Also, Chairman of the Board of Commissioners, The Port of New York Authority. A Director for 20 years.

RALPH J. CORDINER Chairman of the Board and Director, General Electric Company, New York, N. Y. A Director for 11 years.

DONALD K. DAVID Vice Chairman of the Board, The Ford Foundation, New York, N. Y. A Director for 15 years.

CHARLES D. DICKEY Director and Member of the Executive Committee, Morgan Guaranty Trust Company of New York, New York, N. Y. A Director for 19 years.

HENRY FORD II Chairman of the Board and Director, Ford Motor Company, Dearborn, Michigan. A Director for 5 years.

FREDERICK L. HOVDE President, Purdue University, Lafayette, Indiana. A Director for 4 years.

GILBERT W. HUMPHREY President and Director, The M. A. Hanna Company, Cleveland, Ohio. A Director for 5 years.

JOHN E. LAWRENCE Partner, James Lawrence & Co., Boston, Massachusetts. A Director for 3 years.

GEORGE H. LOVE Chairman of the Board and Director, Consolidation Coal Company, Pittsburgh, Pennsylvania. A Director for 11 years.

THOMAS B. McCABE President and Director, Scott Paper Company, Chester, Pennsylvania. A Director for 9 years.

NEIL H. McELROY Chairman of the Board and Director, The Procter & Gamble Company, Cincinnati, Ohio. A Director for 8 years.

GEORGE G. MONTGOMERY Chairman of the Board and Director, Kern County Land Company, San Francisco, California. A Director for 12 years.

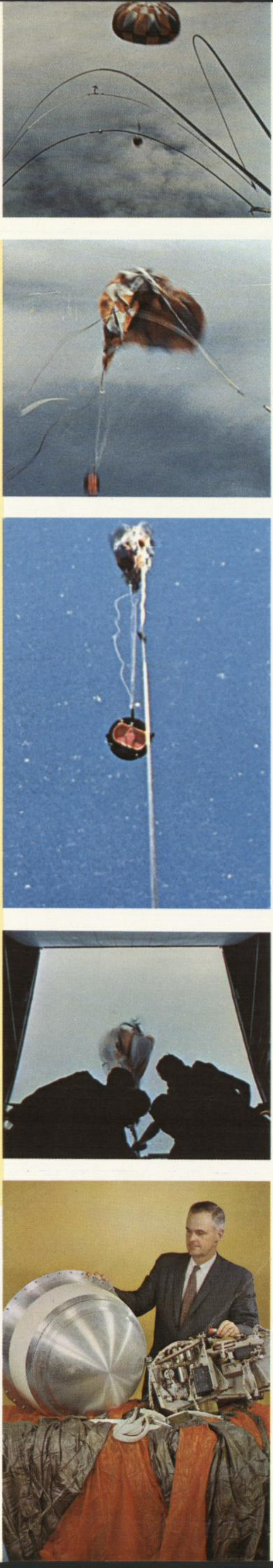
HENRY S. MORGAN Partner, Morgan Stanley & Co., New York, N. Y. A Director for 21 years.

ROBERT PAXTON President and Director, General Electric Company, New York, N. Y. A Director for 3 years.

ROBERT T. STEVENS President and Director, J. P. Stevens & Co., Inc., New York, N. Y. A Director for 11 years.

SIDNEY J. WEINBERG Partner, Goldman, Sachs & Co., New York, N. Y. A Director for 15 years.

ROBERT W. WOODRUFF Chairman of the Finance Committee and Director, The Coca-Cola Company, Atlanta, Georgia. A Director for 12 years.



◀ **TEN FAST YEARS IN SPACE ACTIVITIES** at General Electric culminated in 1960 with first successful recovery of objects that had been orbited around the earth. Sequence here shows how Discoverer XIV space capsule was caught in mid-air over the Pacific. Bottom: Discoverer capsule and payload. Capsule as well as re-entry and recovery system were developed by General Electric's Missile and Space Vehicle Department.

Executive Offices at 570 Lexington Avenue, New York 22, N. Y.

GENERAL ELECTRIC'S DECENTRALIZED

The close of 1960 marked the tenth year of intensive development of a decentralized organization structure for General Electric. Through its approach to decentralization the Company has sought to enhance the distinctive contributions of large corporate enterprise, while achieving the sensitivity, flexibility and competitive spirit resulting from close relationships with customers. Members of the Executive Office, including the Chairman of the Board and Chief Executive Officer, the President, the Group Executives and the Services Officers, provide long-range planning and guidance for the Company as a whole. For organizational purposes, the five Groups, 21 operating Divisions, and three subsidiary corporations include 113 business Departments, each with its management assigned responsibility and accountability for the profitable and successful conduct of business in specific segments of the Company's total products, services and markets within the framework of overall objectives, policies, plans and programs. Officers and Division General Managers listed on these pages have an average age of 53.0 years and average service of 28.4 years, as of February 17, 1961.

EXECUTIVE OFFICE

Chairman of the Board
Ralph J. Cordiner

President
Robert Paxton

Group Executives

Fred J. Borch
Vice President and
Group Executive—
Consumer Products Group

James H. Goss
Vice President and
Group Executive—
International Group

Cramer W. LaPierre
Vice President and
Group Executive—
Electronic and Flight
Systems Group

Clarence H. Linder
Vice President and
Group Executive—
Electric Utility Group

Arthur F. Vinson
Vice President and Group Executive—
Industrial Group

Services

Lemuel R. Boulware
Vice President and
Consultant—Relations
until retirement
January 1, 1961.

John D. Lockton
Treasurer

Ray H. Luebbe
Vice President and
Consultant to General
Counsel until retirement
January 1, 1961.

Francis K. McCune
Vice President—
Engineering Services

Halbert B. Miller
Vice President—
Manufacturing Services

Jack S. Parker
Vice President—
Relations Services

Gerald L. Phillippe
Comptroller

Charles K. Rieger
Vice President—
Marketing Services

Harold F. Smiddy
Vice President—
Management Consultation Services

C. Guy Suits
Vice President and
Director of Research

Laurence I. Wood
Vice President—
General Counsel, and Secretary

OPERATIONS

Consumer Products Group

Hershner Cross
General Manager—Radio
and Television Division

William H. Dennler
General Manager—
Major Appliance Division

Reginald H. Jones
General Manager—
General Electric Supply
Company Division

Charles G. Klock*
President and General
Manager—General Electric
Credit Corporation

Willard H. Sahloff
Vice President and General Manager—
Housewares and Commercial Equipment Division

Herman L. Weiss
General Manager—
Lamp Division

William C. Wichman
Vice President and General
Manager—Hotpoint Division

ORGANIZATION

OPERATIONS (continued)

Electric Utility Group

Lyman R. Fink
General Manager—
Atomic Products Division

Robert L. Gibson
Vice President and
General Manager—
Transformer Division

William S. Ginn
Vice President and
General Manager—
Turbine Division

Hubert W. Gouldthorpe
General Manager—
Switchgear and
Control Division

Milton F. Kent
General Manager—
Electric Utility Sales Operation

Harold E. Strang
Vice President and
Consulting Engineer—
Switchgear and Control Division

James F. Young
General Manager— Electric Utility
Engineering Operation

Electronic and Flight Systems Group

L. Berkley Davis
Vice President and General Manager—
Electronic Components Division

George L. Haller
Vice President and General Manager—
Defense Electronics Division

Cramer W. LaPierre
Acting General Manager—
Flight Propulsion Division

Industrial Group

John W. Belanger
Vice President—
Customer Relations

S. Wellford Corbin
General Manager—
Industrial Sales Operation

Oscar L. Dunn
Vice President and
General Manager—Motor
and Generator Division

Harold A. MacKinnon
Vice President and General
Manager—Component
Products Division

Charles E. Reed
General Manager—
Chemical and Metallurgical Division

Harold A. Strickland Jr.
Vice President and General Manager—
Industrial Electronics Division

International Group

Charles V. Schelke
General Manager—International
General Electric Company Division

J. Herbert Smith*
President and Chief Executive Officer—
Canadian General Electric
Company, Limited

Leopoldo H. Targiani*
Managing Director and
Chief Executive Officer—
Compagnia Generale di Elettricità

REGIONAL VICE PRESIDENTS

Edwin H. Howell
Southwestern Region

George L. Irvine
Central

Samuel Littlejohn
East Central

William A. Mann
Mid-States

George F. Metcalf
Washington Defense Activities

Harold A. Olson
Northeastern

Carter L. Redd
Southeastern

Clarence C. Walker
Western

Nathan L. Whitecotton
Atlantic

*Officers of subsidiaries of General Electric.

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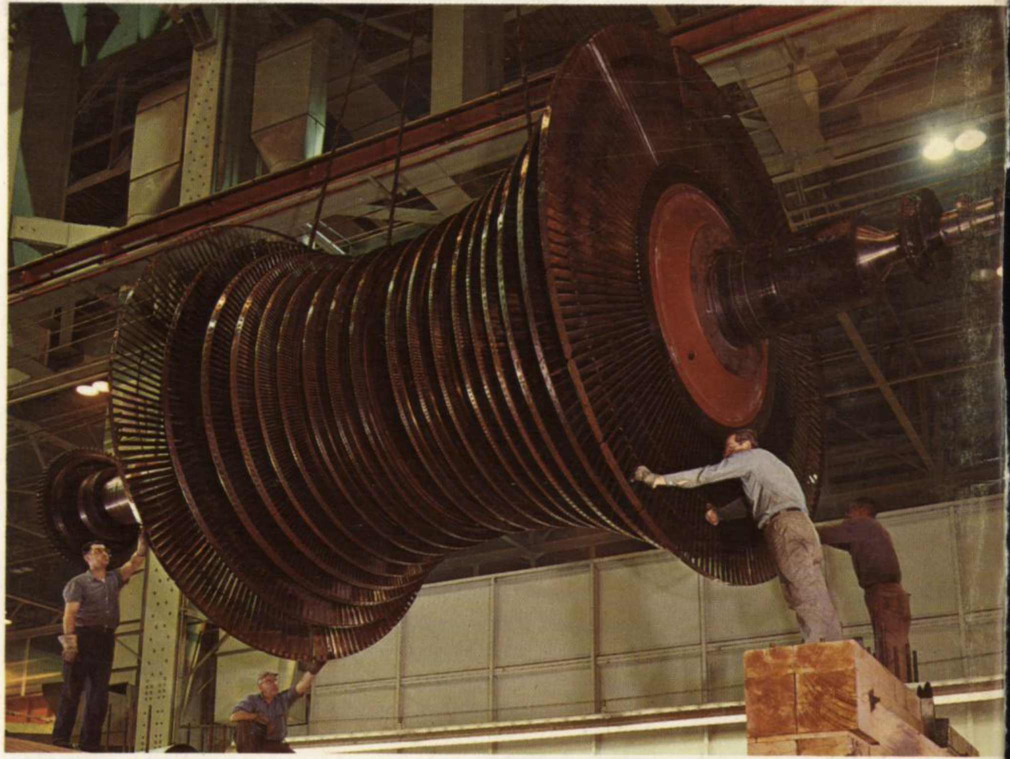
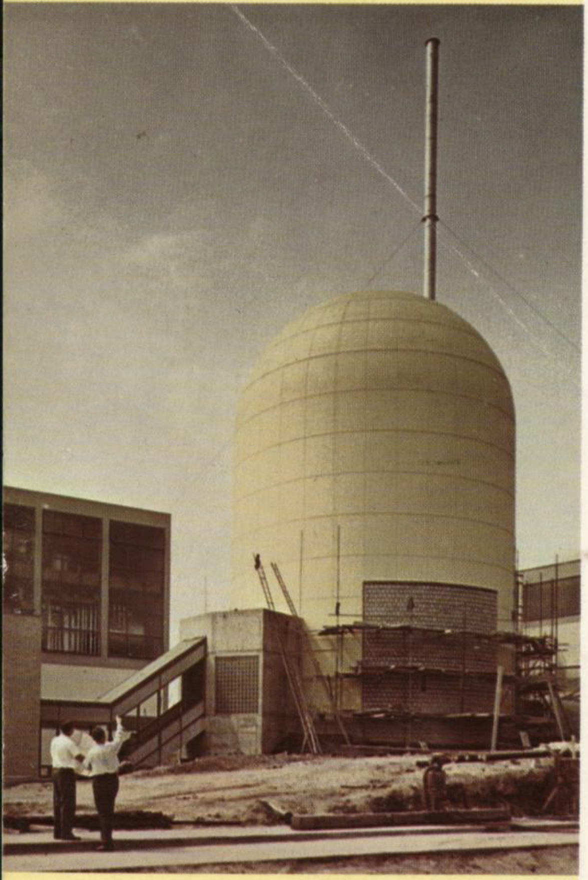
LEADERSHIP IN ENERGY CONVERSION is a General Electric tradition. The Company continues to invest heavily in advancing the development of the world's most important generator of electric energy — the steam turbine-generator, as illustrated at right by the largest low-pressure rotor ever built. The Company is supplying the world's largest capacity turbine-generators — two 450,000 kilowatt units in commercial operation, two 650,000 kw units being built, and two 800,000 kw units on order. At the same time General Electric is leading in the development of atomic energy, as symbolized below by West Germany's first atomic power plant, developed by General Electric. Other promising developments include: thermionic conversion and thermo-electric principles which convert heat directly into electricity; magnetohydrodynamics, or MHD, which generates electricity by passing hot gases through a magnetic field; and the fuel cell, which directly converts the energy of chemical fuels into electric power. The Company is producing a portable fuel-cell power pack for field radar use by the Marine Corps and the Army.

More efficient thermionic converter is studied by Research Laboratory scientist.



Above: steam turbine-generator development continues. Below: work on fuel cells.



Atomic power plant from General Electric.